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# ***Daily Report***

## **China**

**FBIS-CHI-88-133**

**Tuesday**

**12 July 1988**

# Daily Report

## China

FBIS-CHI-88-133

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## General

### Number of Foreign-Funded Firms Increases

OW1107203088 Beijing XINHUA in English  
1443 GMT 11 Jul 88

[Text] Beijing, July 11 (XINHUA)—More than 1,500 foreign-invested enterprises were set up in China in the first five months this year, a Chinese trade official said today.

Wang Liaoping, an official from the Ministry of Foreign Economic Relations and Trade, said that half of the enterprises have gone into operation.

Wang, speaking at the ongoing fifth Sino-Australia senior executives forum, said foreign investments have totalled 1.6 billion U.S. dollars.

He said that since May 1979, about 11,500 enterprises with foreign investment were been set up in China along with 225 factories exclusively owned by foreigners.

The contracted investments are worth 24.5 billion U.S. dollars, of which about 9.5 billion has been spent.

More than 50 percent of the investment has come from Hong Kong and Macao, about 15 percent from the United States and eight percent from Japan.

Over the past nine years 2.28 billion U.S. dollars worth of equipment has been imported for businesses involved in processing of customer-supplied materials and parts and compensation trade.

Guangdong Province has received 2.8 billion U.S. dollars in foreign investment, the most of any of China's 30 provinces, regions and municipalities.

The infusion of capital has helped push the province's total industrial output value from seventh place in the country to third and its income from sixth to third. The province is now China's no. one exporter.

### Wang Zhen Meets U.S., Japanese Visitors

OW1107192088 Beijing XINHUA in English  
1333 GMT 11 Jul 88

[Text] Beijing, July 11 (XINHUA)—Chinese Vice-President Wang Zhen met here this afternoon with retired U.S. General Richard G. Stilwell.

Wang praised Stilwell for his contributions to developing Sino-U.S. Relations and friendship between the two peoples.

The meeting was followed by Wang's discussion with a delegation from the Ajinomoto Corporation of Japan led by its Chairman Saburosuke Suzuki. "We welcome more Japanese entrepreneurs to invest in China and expand cooperation with Chinese economic departments," Wang said.

The Japanese visitors came here as guests of the China Association for International Friendly Contact.

### Sino-Japanese-U.S. Youth Seminar Held

OW1207064688 Beijing XINHUA in English  
1520 GMT 11 Jul 88

[Text] Tokyo, July 11 (XINHUA)—More than 70 youths from China, Japan, and the United States spent a week in the picturesque Bandai for a seminar to deepen their understanding of and sense of responsibility for maintaining international peace and strengthening economic coordination.

The seminar, the second transcultural seminar at Ura-bandai, was held on July 5-11. Seven lecturers from the three countries made reports at the seminar, which was sponsored by the Association for Communication of Transcultural Study of Japan.

American representatives suggested that Japan increase its military expenditure to relieve the U.S. Of its heavy military burden. Chinese representatives said a continuous increase of Japan's military expenditure will help turn the country into a military power, which will possibly isolate Japan in Asia.

Most Japanese representatives disagreed to military expenditure hikes, thinking Japan may lose its economic superiority.

### IOC Seeks Cuban, DPRK Participation in Seoul

OW1207035988 Beijing XINHUA in English  
0148 GMT 12 Jul 88

[Text] Lima, July 11 (XINHUA)—President of the International Olympic Committee (IOC) Juan Antonio Samaranch has affirmed that the IOC would continue its conversations with the sports authorities of Cuba and the Democratic People's Republic of Korea in persuading them to join the Olympics in Seoul.

So far, a record of over 8,000 athletes from 161 IOC member nations and regions have entered for the Seoul Olympics from September 17 to October 2.

The IOC president, on his way to Bolivia, revealed here Sunday that the "situation in South Korea has much improved" and he hoped the games would be held in a "100 percent normal way".

Samaranch also informed the IOC has made tennis into the Olympic events as the "experimental" plan. "Tennis is one of the great sport in the world. It bears the right to restore its position just as that before 1924."

On the Peruvian national women's volleyball team, the 68-year-old president said that the team will be able to obtain a medal in the coming Seoul Olympics.

"I have been paying keen attention to the team. I think they can win a medal, for what they practice is a kind of very competitive volleyball."

**Progress Expected at Four-Party Talks on Angola**  
*OW1207020888 Beijing XINHUA in English*  
0005 GMT 12 Jul 88

[Text] New York, July 11 (XINHUA)—Senior experts of Angola, Cuba, South Africa and the United States started their negotiations on peace in Angola and independence in Namibia here today.

The four-party talks, a continuation of the two previous rounds, held in London in early May and in Cairo in late June respectively, took place on Governor's Island In New York Harbor this morning, according to Anne Stoddard, a spokeswoman of the U.S. Permanent Mission to the United Nations.

The current round of talks aim to prepare basic documents for talks at higher level. The Angolan delegation is being led by Lt.-General Antonio dos Santos Franca Ndalu, chief of the general staff of the Armed Forces, the Cuban delegation by Carlos Aldana, chief of a department of the Central Committee of the Cuban Communist Party, and the South African delegation by Neil van Heerden, director general of foreign affairs. The U.S. side, the mediator, is represented by Chester Crocker, assistant secretary of state for African affairs.

The previous negotiations to reach a regional settlement involving Namibian independence and the departure of all foreign troops from Angola and Namibia reportedly made some progress but no breakthrough.

The United States has insisted on linking the independence of Namibia to the end of Cuban military presence in Angola. An estimated 40,000 to 50,000 Cuban troops have been helping Angolan Government troops fight against the anti-government rebel forces led by Jonas Savimbi, who is allied with South African forces and receives assistance from the United States.

South Africa, which still occupies Namibia in defiance of UN Resolution 435 urging independence for Namibia, has set the withdrawal of the Cuban troops as a precondition for withdrawing its own troops from southern Angola and the discussion of the Namibian independence.

The Angolan Government has proposed a four-year phased withdrawal of the Cuban troops from its country. In return, Angola wants the pullout of South African troops from its territory, independence for Namibia and an end to American and South African aid to the rebel forces of the National Union for the Total Independence of Angola (UNITA) led by Savimbi.

By mutual agreement, the parties to the current talks have remained tight-mouthed about today's session. But press conferences are expected when the talks end late tomorrow or on Wednesday morning.

Despite the sharp differences among the parties surfacing during the earlier rounds, their agreement to hold the third round of talks is seen as a sign of hope for some progress that will ultimately lead to the end of South Africa's 73-year rule over Namibia and a timetable for the withdrawal of all foreign troops from Angola.

This hope is further strengthened by the recent military stalemate between the Angolan-Cuban forces and the rebel-South African forces, a growing war weariness in South Africa, and the willingness of the United States and the Soviet Union to see a settlement in southern Africa by September 29, the 10th anniversary of UN Resolution 435.

South Africa, though reluctantly, is going to the negotiating table for fear that if a Democratic president is elected in the United States in November, it will lose the support that has been given by Reagan administration.

**SHIJIE ZISHI Says Arms Reduction 'Slow'**  
*HK0707081088 Beijing SHIJIE ZISHI in Chinese*  
No 12, 16 Jun 88 pp 14-15

[Article by Xia Yishan (1115 5030 0810): "Why the Progress of Strategic Arms Reduction Is Slow"—written on 26 May]

[Text] After Reagan and Gorbachev concluded an agreement in Washington on the destruction of medium-range missiles in December last year, they decided to sign a treaty on the 50 percent reduction of strategic arms at the Moscow conference this year. Subsequently, both sides instructed their disarmament representatives to speed up their negotiations on drafting the treaty, giving the impression that they were full of confidence. Despite repeated negotiations, however, these representatives have not been able to formulate the text of the treaty for the two state leaders to sign at the Moscow conference. Why is it that the United States and the Soviet Union have not made great progress in this respect? Involving the security and military interests of both sides, this issue covers a wider scope and is more complicated than that concerning medium-range missiles. Apart from this, their strategic nuclear arsenals also constitute an important factor causing the slow progress.



The offensive strategic nuclear arms of the United States and the Soviet Union are composed of ground-based ICBM, sea-based missiles (including those launched from submarines and naval vessels), and air-based missiles (carried by large bombers). Now the United States has about 2,100 strategic nuclear weapons and the Soviet Union 2,400. Each of them has almost 10,000 nuclear warheads. At a glance there is not a large gap between them, but a detailed comparison between their ground-based, sea-based, and air-based nuclear warheads will show a striking contrast. The United States has 2,100 ground-based nuclear warheads, and the Soviet Union 6,420; the United States has 1,700 air-based cruise missile nuclear warheads, and the Soviet Union 400; the United States has 5,760 sea-based nuclear warheads, and the Soviet Union 2,700; the United States has 2,140 aircraft-carried nuclear bombs and short-range missiles, and the Soviet Union 360. In addition, the United States has several hundred submarine-launched cruise missiles whereas the Soviet Union is just making preparations for the deployment of such missiles. The above figures clearly indicate that the Soviet Union's ground-based nuclear warheads account for almost 70 percent of its total nuclear warheads but its sea-based and air-based nuclear warheads account for only a little over 30 percent of the total. The United States' situation is just the other way round: its sea-based and air-based nuclear warheads account for 80 percent of its total nuclear warheads but its ground-based nuclear warheads account for only 20 percent. The Soviet Union's strategic nuclear power rests on its ground-based missiles whereas the United States has the upper hand in sea-based and air-based missiles. During their negotiations the United States has tried to restrict the Soviet Union's ground-based missiles, and the latter wants to restrict the former's sea-based and air-based missiles, both attempting to restrict their opponent's strong points to make up for their own weak points. Over the last 3 years, through 9 rounds of negotiations, 26 rounds of discussions at the foreign-ministerial level, and 3 rounds of summit meetings, the United States and the Soviet Union have made progress with regard to reducing strategic arms. The frames of the relevant treaty and agreement have basically taken shape and both sides have reached unanimity of opinion on the principles concerning the number to be reduced and the supervisory measures (based on the supervisory measures for medium-range missiles). But on other details, their negotiations have run aground. Their main divergence is on sea-based cruise missiles, air-based cruise missiles, mobile ICBM, and space weapons.

1. On the question of sea-based cruise missiles. As mentioned above, the Soviet Union is superior to the United States in this respect. Therefore as soon as their negotiations started, the Soviet Union made up its mind to get rid of U.S. superiority and its plan for the large-scale development of such weapons. In the beginning the Soviet Union proposed allowing the United States to retain the number of its sea-based cruise missiles within the permitted 6,000 nuclear warheads,

but the United States strongly objected. The United States made a concession to the Soviet Union at their summit meeting in December last year, and both sides agreed to keep a certain number of sea-based cruise missiles outside the limit of 6,000 nuclear warheads. The Soviet Union suggested dividing such missiles into two categories, one carrying nuclear warheads and the other carrying nonnuclear warheads, the former being limited at 400 and the latter 600. It also proposed all-range supervisory measures. The United States refused this proposal because it would restrict U.S. naval activities. The United States suggested that both sides issue a statement clarifying that they would promise to keep the number of their sea-based cruise missiles within the limits set even without any supervision. However, the Soviet Union deemed this suggestion meaningless.

2. On the question of air-based cruise missiles. In this connection, the United States is 4:1 superior to the Soviet Union. Air-based cruise missiles are different from other missiles. They are carried by bombers and their number can be easily changed. Therefore it is difficult to calculate and check. The United States proposed dividing all large bombers into three categories. Large bombers equipped with nuclear cruise missiles fall into the first category, and each bomber counts as one carrier instrument and 10 warheads. The second category covers large bombers carrying nuclear bombs and short-range missiles, each bomber counting as one carrier instrument and one warhead. Bombers in these two categories are included in the limits of 1,600 carrier instruments and 6,000 warheads. Large bombers carrying nonnuclear arms fall into the third category, and these bombers are not included in the above limits. This proposal was aimed at excluding many of U.S. large bombers from the limits so as to maintain U.S. superiority in this respect. The Soviet Union did not agree to this proposal and pointed out that all large bombers should be included in the limit of 1,600 carrier instruments. It also suggested that missiles should be counted according to the actual number a bomber can carry, with the aim of reducing U.S. superiority in large bombers and air-based cruise missiles.

3. On the question of mobile ICBM. The Soviet Union has such missiles whereas the United States does not. In the beginning the United States demanded the prohibition of such missiles but relaxed its demand subsequently, admitting that such missiles were conducive to strategic stability. The United States pointed out recently that it would agree on a negotiation with the Soviet Union about limiting the number of such missiles, if supervisory measures acceptable to both sides could be formulated; otherwise it would still insist on the prohibition of such missiles. However, the Soviet Union adopted an opposing stand.

4. On the question of abiding by the treaty on the relationship between antimissile missiles and the reduction of strategic weapons. In essence this question involves whether the United States is allowed to carry

out the Strategic Defense Initiative. This old issue caused an unhappy ending of the Reykjavik summit. At the end of last year U.S. and Soviet leaders made concessions and agreed on formulating a treaty on the 50 percent reduction of strategic nuclear weapons under the prerequisite that both sides observe the ABM treaty. But they had differences of opinion on how to "observe." The Soviet Union stood for strict adherence to the 1972 treaty whereas the United States emphasized that the treaty allows the necessary research, development, and experiment of a strategic defense system. The crux is how to explain the treaty. Should the treaty be explained in a broad or narrow sense? (Please refer to an article in the No 7 issue of this magazine entitled an "Argument About the Explanations of the ABM Treaty") Apart from this, both sides also held different views on the validity of the treaty on the reduction of strategic arms: the Soviet Union suggested 10 years whereas the United States 7 years.

In short, reducing strategic arms by 50 percent is a knotty and complex problem. Apart from the above factors, the political situation and other aspects in the two countries can also produce certain impacts on the issue of strategic arms. However, the signing of the treaty on the reduction of strategic nuclear arms is only a matter of time because the United States and the Soviet Union consider it necessary to do so. Reagan has expressed the hope time and again that the treaty can be signed before the end of his office by the end of this year. Whether his hope will come true depends on the development of the domestic situations in the United States and the Soviet Union and on the decisiveness of the two leaders.

#### United States & Canada

**Wu Xueqian Views Relations With U.S.**  
*HK0907032288 Beijing CHINA DAILY in English*  
9 Jul 88 p 3

[By a staff reporter]

[Text] Chinese Vice-Premier Wu Xueqian met a delegation of the California Public Employees Retirement System of the United States in Beijing yesterday.

Wu said that developing a lasting and stable relationship with the United States is an important goal of China's foreign policy.

He welcomed the system's intention to invest in China, adding that "it is beneficial to the development of Sino-U.S. relations."

"China's open policy will stay for a long time," he said.

The delegation, headed by Jake Petrosino, chairman of the system's investment committee, came to Beijing "for finding out China's policies of attracting foreign capital and discussing possibilities to invest in China."

The China Kanghua Development Corporation held negotiations with the delegation on investment projects. The two sides signed a letter of intent on their cooperation.

**Sino-U.S. Trade To Set Record in 1988**  
*OW0907082888 Beijing XINHUA in English*  
0150 GMT 9 Jul 88

[By Zhao Zijian]

[Text] Washington, July 8 (XINHUA)—U.S. businesses have expanded their presence in the Chinese market as China's foreign exchange reserves and investment environment improve, but some problems remain.

Richard E. Gillespie, vice president of the U.S.-China Business Council (formerly National Council for U.S.-China Trade), told XINHUA today that 2-way trade between the U.S. and China as calculated by the U.S. Government will hit a record 13-14 billion dollars, compared to just over 10 billion dollars last year.

Judging by the trend of the first 4 months of this year, Gillespie said, exports to China by U.S. companies grew faster than China's exports to the U.S., largely because of the dollar's devaluation that made U.S. goods cheaper but U.S. markets less profitable.

U.S. exports of organic chemicals and wood products saw considerable increases. China hiked its exports of petroleum and food products, among other things, to the United States, but its exports of textiles and apparel to the U.S. registered no significant increase.

During the first quarter of this year, U.S. exports to China jumped 38 percent over the comparable period of 1987, while China's exports to the U.S. increased by 18 percent.

A notable trend is that U.S. companies are now more willing to invest in China, either in the form of contractual or equity joint ventures, or wholly owned concerns. The number of U.S. companies having such operations in China has increased to some 400, reflecting American businesses' confidence in China's economic reform, which has improved the investment environment, said Gillespie.

As an example, one American toymaker stopped its operations in Taiwan and the Philippines and moved production to China's Special Economic Zone, a government-designated area where foreign investment enjoys freedom and financial benefits, he said.

Of the three problems hindering U.S. exports to China, namely, currency rates, export control, and lack of export credit, one is resolved, Gillespie said. He said the U.S. dollar has devalued enough to make U.S. products competitive with the rest of the world.



As to export control, he hopes the Reagan administration will do something to relax export controls to China during its last few months. However, Gillespie does not foresee an export credit mechanism coming into being soon. Lack of government export financing is one of the complaints by U.S. businesses competing with European and Japanese rivals in the Chinese market.

Gillespie said China's effort to set up foreign currency swap centers is a welcome step to improve the availability of foreign currencies in China, which is important for foreign ventures in the country. However, he believed the availability of foreign currency is still a problem.

China's decentralization efforts, according to Gillespie, are mostly beneficial to foreign enterprises. Provinces and cities in China competing with each other to attract foreign investment are a phenomenon regarded favorably by U.S. businesses.

Along the way to decentralization there emerged some problems, he said. For example, the powerful trading corporations, which used to control China's export and import, no longer retain their monopoly, and some Chinese enterprises tried to escape from honoring their contractual obligations set by trading corporations, resulting in the disruption of supplies to some U.S. importers.

Also, as organizational changes go on, some U.S. negotiators feel confused about the changing chain of command needed to get approval for their projects in China.

However, Gillespie said, these are but small problems in view of larger gains from economic reform, and U.S. businesses support China's effort in pressing ahead with the reform.

#### **PLA Officials Meet U.S. Army General Thurman**

##### **Han Huaizhi Hosts Dinner**

*OW0907111988 Beijing XINHUA in English  
1019 GMT 9 Jul 88*

[Text] Beijing, July 9 (XINHUA)—Han Huaizhi, deputy chief of general staff of the Chinese People's Liberation Army (PLA), gave a dinner here this evening in honor of the visiting commander of the U.S. Army Training and Doctrine Command (TRADOC), General Maxwell Thurman.

##### **Chi Haotian Meets Guests**

*OW1207105588 Beijing XINHUA in English  
1014 GMT 12 Jul 88*

[Text] Beijing, July 12 (XINHUA)—Chi Haotian, chief of general staff of the Chinese People's Liberation Army (PLA), met General Maxwell Thurman, commander of Army Training and Doctrine Command of the United States, and his party here today.

General Thurman and his party are visiting China as guests of the Chinese Ministry of National Defense.

##### **Wang Bingqian Meets Price Waterhouse Accountants** *OW0907045188 Beijing XINHUA in English 1142 GMT 8 Jul 88*

[Text] Beijing, July 8 (XINHUA)—Wang Bingqian, Chinese state councillor and minister of finance, met here today Michael Coates, chairman of the Board of Directors of Price Waterhouse international accounting firm, his successor Joseph Connor, and their party.

The visitors arrived here yesterday at the invitation of the China Accounting Society. President of the Society Xie Ming gave a dinner in their honor at the Great Hall of the People here this evening.

##### **Shultz Leaves for Asia-Pacific Area** *OW0807155888 Beijing XINHUA in English 1814 GMT 5 Jul 88*

[Text] Washington, July 5 (XINHUA)—U.S. Secretary of State George Shultz left here this morning to visit nine capitals in Asia and the Pacific region where he will hold major policy talks, including defense and trade issues.

Shultz's two-week journey, his last and longest trip to the region as Secretary of State, will begin with attending a three-day ministerial summit of the Association of Southeast Asian Nations (ASEAN), in Bangkok, Thailand, on Thursday.

The trip will also take him to Malaysia, Indonesia, the Philippines, Hong Kong, China, South Korea, Japan and the New Marshall Islands Republic.

Shultz plans to discuss issues with foreign leaders on American military bases in the region, U.S. trade deficits with the area's emerging industrial regions and the future of Kampuchea, which is still under the Vietnamese occupation.

Shultz is reportedly expected to meet with Prince Norodom Sihanouk, president of Democratic Kampuchea, in Bangkok.

##### **Air China, Canada Tighten Visa Inspection** *OW1107154788 Beijing XINHUA in English 1159 GMT 11 Jul 88*

[Text] Beijing, July 11 (XINHUA)—Air China, a newly-established international carrier, is now working directly with Canadian immigration officials to stop illegal aliens from entering Canada.

"Yesterday alone we discovered 17 aliens holding forged Canadian visas trying to board an Air China flight," Air China's Vice-President Yang Shengzun reported, adding six were from India and 11 from Iran.

"Of the 11 from Iran eight were from the same family and were carrying forged visas which were said to be issued by the Canadian Embassy in Yugoslavia," he added.

According to Yang, the problem is becoming more serious, with 163 illegal aliens taking Air China to Canada with some destroying their passports and visas on board.

Yang also said, most of the individuals trying to immigrate to Canada illegally are from Iran, India and Sri Lanka and the problem is causing both Canada and China great concern.

An official of China's Civil Aviation Administration (CAAC) said, "The Chinese and Canadian Governments have discussed the problem and both sides will go all out to tighten inspection procedures."

She also said, Canadian immigration officials will come to China to help Chinese inspectors bring a halt to illegal entry into Canada.

### Soviet Union

**Gorbachev Leaves for 4-Day Polish Visit**  
*OW1107133688 Beijing XINHUA in English*  
0656 GMT 11 Jul 88

[Text] Moscow, July 11 (XINHUA)—Soviet leader Mikhail Gorbachev left here for Warsaw this morning for a four-day official visit aimed at enhancing Soviet-Polish relations.

The trip is Gorbachev's first official visit to Poland, although he has been in Warsaw twice since becoming Soviet leader in March 1985. In May 1985 he visited Poland in connection with a Warsaw Pact summit there. He attended a congress of the Polish United Workers' Party in 1986.

Gorbachev is expected to inform Polish leaders of the results of the 19th Soviet party conference which was held ten days ago and focused on the country's political system reform.

It is said that economic cooperation will figure prominently in talks between Gorbachev and his Polish counterpart Wojciech Jaruzelski and the two countries will sign some economic agreements during Gorbachev's visit.

His trip to Szczecin, a port city in northwestern Poland, will be of important significance. Some forces in the West, particularly in Federal Germany, have not recognized Szczecin as part of Poland. Gorbachev's coming trip to the city has been seen by Polish people as a political support to Poland.

Gorbachev's Poland tour will raise the Soviet-Polish relations to a new level, observers here believe.

The Soviet leader will attend a subsequent Warsaw Pact summit in Warsaw following his Poland visit. According to a well-informed East European source here, the summit will probably put forward some new proposals on reduction of conventional arms and armed forces in Europe. The source added that it is possible that the summit will announce unilateral withdrawal of part of Soviet troops from some East European countries in order to give an impetus to conventional disarmament in Europe.

**Gorbachev Meets Indian President Venkataraman**  
*OW0907075288 Beijing XINHUA in English*  
0154 GMT 9 Jul 88

[Text] Moscow, July 8 (XINHUA)—An eager desire to make reform irreversible is seen here, Soviet leader Mikhail Gorbachev told Indian President Ramaswamy Venkataraman here today.

This was his deepest impression of the 19th Soviet party conference that came to an end just a few days ago, Gorbachev said.

The conference's sober appraisal of the current situation has confirmed the belief that the force in favor of reform is growing. At the conference, powerful support was given to reform and difficulties—the regret at parting from old concepts, old forms of organization, and conservatism for instance—were revealed, he said.

Problems relating to people's livelihood must be solved as quickly as possible and conditions for advances in the infrastructure and superstructure created, he stressed.

He expressed satisfaction with mutual understanding and cooperation between the Soviet and Indian leaders.

Gorbachev and Venkataraman also discussed matters pertaining to economic cooperation between the two countries.

President Venkataraman arrived in Moscow on July 6 for an official visit at the invitation of the Presidium of the Supreme Soviet and the government of the Soviet Union. Soviet President Andrey Gromyko had talks with him the following day.

**Azerbaijan Leader Says Withdrawal 'Unacceptable'**  
*OW0807034388 Beijing XINHUA Domestic Service*  
in Chinese 0141 GMT 1 Jul 88

[By reporter Li Huiyu]

[Text] Moscow, 30 Jun (XINHUA)—S. Tatliyev, chairman of the USSR Azerbaijan Supreme Soviet Presidium, emphatically pointed out today that the suggestions that the Nagorno-Karabakh Region be withdrawn from the



Azerbaijan Republic to join another republic or be placed under the administration of the central government are untenable and unacceptable.

Tatliyev made the above statement at a press conference given this evening by the Azerbaijan delegation to the 19th all-union party conference. Obviously his statement was directed at the suggestions made by Ambartsumyan, Armenian delegate to the 19th party conference and president of Yerevan University, at a press conference this morning that the Nagorno-Karabakh Autonomous Oblast be placed under the temporary administration of the Soviet Government or be admitted to the RSFSR [Russian Soviet Federated Socialist Republic].

In reply to a reporter's question, A. Dashdamirov, chairman of the Nationalities Affairs Committee of the Azerbaijan Supreme Soviet Presidium, said that the causes for last February's bloody clash in Sumgait City have not yet been straightened out. He denied the possibility of a referendum by the people of the Nagorno-Karabakh Region to decide on the jurisdiction of the autonomous oblast.

The five delegates from the Nagorno-Karabakh Autonomous Oblast were conspicuously absent from this evening's press conference.

**Lively Debate at Moscow Conference Noted**  
OW0807165488 Beijing XINHUA Domestic Service  
in Chinese 1031 GMT 1 Jul 88

[Text] Moscow, 30 Jun (XINHUA)—The all-union conference of CPSU delegates today continued to discuss General Secretary Gorbachev's report on the question of reform. The warm atmosphere at the conference, the wide range of issues touched upon in speeches, and the clear-cut points made were rarely seen at any of the all-union conferences of CPSU delegates in the past dozens of years.

Some delegates spoke incisively and pungently. They bluntly raised quite a few questions of universal concern to the people.

Komi Autonomous Republic party leader Vladimir Melnikov criticized the CPSU Central Committee's slow organizational reform, poor efficiency, and hasty decisions on important questions. He pointed out: If party cadres have no prestige, then party prestige is out of the question. Therefore, all party cadres, including the general secretary of the CPSU Central Committee, should foster prestige through practical actions. He said: "Those who actively pushed the policy of stagnation in the past should not work in the central organizations of the party and the soviets during the current period of reform." At this point, Gorbachev cut in, asking him to state clearly who he was referring to. Melnikov then named four people: Andrey Gromyko, former foreign minister and currently chairman of the Presidium of USSR Supreme Soviet; Mikhail Solomentsev, member of the Politburo

of the CPSU Central Committee and former chairman of the RSFSR Council of Ministers; Viktor Afanasyev, PRAVDA chief editor for 12 years; and Georgiy Arbatov, director of the United States of America and Canada Institute of the USSR Academy of Sciences. Suddenly, the auditorium was permeated with a lively atmosphere. About 20 minutes later, the chairman of the conference read out a note handed to him by a delegate, saying that Gromyko shouldered heavy responsibilities in the past; that although he has lagged behind reality today, the people still remember his meritorious service; and that he should not have to suffer injustices. At the conference, a delegate of the Ministry of Aviation Industry requested that Boris Yeltsin, former first secretary of the Moscow City CPSU Committee who was removed from the post last October, be allowed to have the floor so that delegates could determine whether he "advocated stagnation or supported reform." The conference press spokesman Yuriy Sklyarov said Yeltsin himself had applied to take the floor.

Another characteristic of today's conference was vividness. People often chipped in while some delegates were speaking. Gorbachev also had more than one dialogue with speakers. Viktor Postnikov, a delegate of Gorbachev's home kray Stavropol, proposed that those who oppose reform "be removed from the party." He said to Gorbachev: "You are too humanitarian. You always hope to use the humanitarian method to reeducate all people. However, this method cannot necessarily be applied to everyone with success." The general secretary of the CPSU Central Committee said: Removing people from posts by order from above solves no questions. The key is to carry out the socialist principle which is in the people's interests and let the people participate in reform. Postnikov smiled and said: "I am convinced."

Opposing bureaucratism was a question universally touched on by the delegates. Some delegates pointed out: Organizations tainted with bureaucratic practices deliberately obstruct economic reform. The central authorities should set a limit on the power of ministries and committees.

Some delegates, while taking the floor, opposed using the quibble "retired because of health reasons" when a cadre has been discharged from his post. They proposed telling the real reason why a cadre has been removed from his post. Some other people suggested that the division of work among members of the Politburo of the CPSU Central Committee be publicized so that the people could supervise them; some people proposed that leaders of state ministries and committees report their work to workers, while members of the CPSU Central Committee and the Politburo report their work to party organizations.

In his report to the conference, Gorbachev proposed separating party and government functions and strengthening the power of soviets at all levels. As of today, no

delegate has expressed opposition to this principle. However, Gorbachev's suggestion that the first secretary of a party committee be concurrently chairman of the soviet failed to receive unanimous support. Some opposed it; some supported it. Today, one delegate offered a compromise proposal: This suggestion is of prime importance. We should experiment with it at selected units and disseminate the experience after we acquire it.

On economic reform, the delegates also made quite a few criticisms and suggestions. Some workers delegates and enterprise leaders called for a ban on state ministries and committees issuing orders to enterprises. They suggested that "banning the distortion of the state-run enterprise law" be written into a conference resolution. Some people proposed that reform plans be repeatedly deliberated so as to avoid following the same old disastrous road when they acted with undue haste in their struggle against alcoholism. Most people took a critical attitude on the current economic situation, but they all believed reform produced marked results. As to the "academicians dispute" between Abalkin and Arbatov, the majority of delegates, including the general secretary, opposed academician Abalkin's pessimistic views.

The news of delegates to the all-union conference taking bribes as disclosed by the latest issue of the weekly OGONEK caused a mighty uproar. Today, Razumovskiy, chairman of the Credentials Committee of the all-union conference and member of the Secretariat of the CPSU Central Committee, said: The Soviet procuratorial organ has not yet decided to investigate some delegates to affix responsibility for their crimes because they accepted bribes. The story mentioned in the article carried by OGONEK remains to be investigated and confirmed. The delegates asked Vitaliy Korotich, chief editor of OGONEK, to step onto the platform and explain. Korotich said: Those who are not investigated and their responsibility for crimes is not affixed will not be censured, and those who are not censured must not be disclosed in the press. This sort of logic is not right. He stated: There are four bribe takers, and their names have been delivered to the conference. He called for clarifying the facts or punishing the bribe takers or those who falsely incriminate others.

**Yeltsin Question Reflects Differences on Reform**  
OW0807140988 Beijing XINHUA Domestic Service  
in Chinese 0720 GMT 2 Jul 88

[Text] Moscow, 1 Jul (XINHUA)—In his speech at a conference of CPSU delegates this afternoon, Boris Yeltsin, former candidate member of the CPSU Central Committee Politburo and first secretary of the Moscow City party committee, requested that the conference rescind a decision of the October 1987 Plenary Session of the CPSU Central Committee on him and that he be "politically rehabilitated." Yegor Ligachev, member of the Politburo and Secretariat of the CPSU Central

Committee, addressed the conference in the evening firmly opposing Yeltsin's request. The two delegates also sharply opposed each other on some other issues.

Yeltsin was removed from his party posts for making "political mistakes" in his speech at the October 1987 Plenary Session of the CPSU Central Committee. He now serves as first deputy chairman of the State Construction Committee. He stressed at today's conference that "my only mistake was that I chose the wrong time to make that speech, before the 70th anniversary of the October Revolution." His speech has never been made public.

In his speech, Ligachev said: While serving as candidate member of the Politburo and first secretary of the Moscow City party committee and thereafter, Yeltsin took "a number of incorrect and erroneous actions" and "has not yet drawn proper conclusions from his errors or from the principled criticisms of his party comrades." He stressed that "there are no grounds for making any change in the assessment of Yeltsin's position at the plenary session."

Yeltsin was ill for a long time last winter, but his voice was sonorous when he made the speech today. However, his voice turned husky when he became impulsive. He stressed that "Brezhnev was not the only one to blame" for the years of stagnation. He criticized the apparatus of the CPSU Central Committee "for having failed to promptly eliminate many negative trends in the party and society at that time." He also raised the issue of the "personal responsibility" of some members of the highest leading body of the party. In his speech, Ligachev made a pointed response to this. He said: Members of the present highest leading body of the party—Chairman Chebrikov of the Committee for State Security, Chairman Solomentsev of the Control Committee of the CPSU Central Committee, Chairman Gromyko of the Presidium of the Supreme Soviet, and myself—made the "correct decision" to have Gorbachev assume the position of general secretary of the CPSU Central Committee in the "disquieting situation in March 1985."

Yeltsin explained his interview with a foreign correspondent. He said: Because no Soviet news media carried any report on the interview, he issued a statement to a BBC correspondent on 30 May this year. In the statement, Yeltsin held "Ligachev mainly responsible for the slow pace of reform in the Soviet Union."

A time bell rang after Yeltsin had spoken for 15 minutes. Gorbachev made an exception and asked him to continue. Delegates applauded. Then, Yeltsin collected himself and coarsely asked for his rehabilitation. When he finished his speech, the atmosphere was tense and silent, and no one applauded.



In his speech, Ligachev said: "Issuing a statement to bourgeois propaganda media," Yeltsin "tried to please the public with claptrap." "Foreign bourgeois newspapers and magazines have also written quite a bit about me, but my attitude is: Let them talk nonsense, but I am self-possessed."

Ligachev stated: "Reform and speeding up its pace is my lifelong task." He briefed all the delegates present on "the much work he did to satisfy the vital needs of the people" while working in Siberia. He stressed once again that the high-level leadership of the party "is united as one; there are neither conservatives nor reformers; reform should be carried out carefully and not rashly." Ligachev's speech won applause.

In his speech today, Yeltsin also criticized the preparatory work for the conference being done "in too much haste." The outline of the conference was issued too late, most members of the Central Committee did not participate in the discussions on the outline, and many party organizations used their old methods to elect delegates. The conference was silent when he made the remarks.

In addition to Ligachev, four other delegates made known their positions on the Yeltsin question. Only the party committee secretary of the Siweierdeluofunike Machine Building Plant said that Yeltsin enjoyed high prestige while working there. He called for publishing Yeltsin's speech at the October plenary session in order to ensure a correct understanding of the facts. Soviet television reporters gathering news at the lobby of the conference hall asked delegates to give their views on the Yeltsin question. Nearly half of those interviewed sympathized with Yeltsin and also called for publishing his speech at the October plenary session.

In one aspect, the debate on the Yeltsin question reflects differences and arguments on reform.

#### Correction to 'Analysis' on Perestroika

The following correction pertains to the item headlined "'Analysis' on Irreversibility of Perestroika," published in the 8 July China DAILY REPORT, page 3, column 2, in the subslug: ... (by XINHUA reporter Tang Xiuzhe)... (correcting name)

#### Northeast Asia

**'Japan Ready To Assume Bigger Diplomatic Role'**  
OW1207100388 Beijing XINHUA in English  
0534 GMT 12 Jul 88

["Roundup: Japan Ready To Assume Bigger Diplomatic Role (by Zhu Rong-gen)"]—XINHUA headline]

[Text] Tokyo, July 11 (XINHUA)—Japanese Foreign Minister Sosuke Uno returned home this evening after a six-day visit to Thailand.

Uno attended an expanded meeting of foreign ministers from six Southeast Asian countries and their six dialogue partners—the United States, Japan, Canada, Australia, New Zealand and the European Community.

In two major policy speeches, Uno outlined Japan's views on how to achieve a Kampuchean settlement. He told the meeting that Japan would play a bigger political role in finding solutions to conflicts in the Asia-Pacific region.

Japan is determined to make as big a contribution as possible to regional stability through non-military means, Uno said.

"Japan, in other words, intends not only to expand its contribution in the economic field, but also to embark on new forms of contribution in the political and diplomatic fields, with a view to finding solutions to regional conflicts and relaxing tensions," Uno explained.

He said Japan will "actively" consider extending financial aid to an international peacekeeping force in Kampuchea, if it is formed, to end the nine-year-old war there.

He said his country is ready to dispatch personnel to supervise elections in Kampuchea and provide non-military materials to Kampuchea.

Japan is building a higher profile by starting to play a bigger political role more in keeping with its economic strength, using cash as an instrument of diplomacy, analysts here said.

Japan signed an agreement July 9 in Kuala Lumpur, Malaysia, on a two billion U.S. dollar development fund to be extended to the six-member Association of South-east Asian Nations (ASEAN) over the next three years.

ASEAN groups Indonesia, Thailand, the Philippines, Malaysia, Singapore and Brunei. Tokyo sees ASEAN, from which it imports rubber, oil, gas and timber, as an important source of raw materials.

Uno promised top priority in giving economic aid to the ASEAN nations and announced new help with technology transfers and support for private industry. Japan will help ASEAN nations in moving to a more advanced economy, Uno said.

As Tokyo moves to play a bigger role, it also has to tread carefully to avoid stirring up sensitivity in the region that Japan occupied in World War II. There has been concern in the region about the high levels of Japanese defense spending.

Thai Foreign Minister Sitthi Sawetsila said at a press conference in Bangkok that ASEAN welcomed Tokyo's efforts on Kampuchea and accepted Uno's statement that Japan would not seek to become a military power.

In Jakarta, Indonesian Defense Minister Benny Murdani recently told his Japanese counterpart, Tsutomu Kawara, that Japanese spending of almost 29 billion dollars on defense was high, though he understood Japan's defense build-up policy.

Diplomatic and economic concerns are inter-linked for Japan, since it feels that increased political stability means new markets for its businesses, analysts said.

Private Japanese companies have come under criticism from ASEAN for their business activities in Vietnam. Bilateral trade between Tokyo and Hanoi was just short of 378 million dollars last year.

Malaysian Foreign Minister Abu Hassan Omar reminded Tokyo last week not to do anything that would hamper efforts to settle the conflict in Kampuchea. His remarks were seen as a reference to ASEAN's backing of an economic boycott of Vietnam as a means of pressuring Hanoi into withdrawing from Kampuchea.

"Japan must still tread cautiously. It should not try to assume a leadership role that the Asia-Pacific region is not prepared to recongize," Abu Hassan said.

**Japanese Language Institute Established**  
*OW1207052288 Beijing XINHUA in English*  
1524 GMT 11 Jul 88

[Text] Beijing, July 11 (XINHUA)—China and Japan signed an agreement here today to set up a Japanese Language Institute in Beijing.

The institute, which has been set up jointly by the Chinese Academy of Social Sciences, the Chinese magazine "BEIJING REVIEW" and Japan's Zhou Enlai Memorial Association, will start taking students next March.

The Zhou Enlai Memorial Association will cover all the institute's expenses, and the Chinese Academy of Social Sciences will arrange all the teaching. The association is a nongovernmental organization founded in 1987 with the aim of developing the friendship between Japan and China.

Chikuzan Otani, general secretary of the Zhou Enlai Memorial Association, said: "On the initiative of our association, we are going to set up the institute to commemorate the late Premier Zhou Enlai who made a great contribution to the friendly relationship between Japan and China, to promote the development of Sino-Japanese relations, and to mark the 10th anniversary of the signing of the Sino-Japanese Treaty of Friendship."

Yang Runshi, deputy secretary general of the Chinese Academy of Social Sciences, said that the institute will have primary, middle, high, and special classes with more than 300 students. The teaching will be done by Chinese and Japanese associate professors and full professors.

Chikuzan Otani said the association has plans to set up a similar institute in Japan for Chinese students, a Sino-Japanese Economic Coordination Center in Japan and two Sino-Japanese friendship clubs in the Chinese cities of Dalian and Shanghai.

**Companies Implicated in Japanese Trademark Fraud**  
*OW1207011488 Beijing XINHUA in English*  
1458 GMT 9 Jul 88

[Text] Beijing, July 9 (XINHUA)—China's State Industry and Commerce Administration has settled a case involving the illegal use of Japan's "Sharp" trademark by companies from the mainland and Hong Kong.

The offenders have been punished according to the country's administrative rules, an official told XINHUA.

Implicated in the fraud case were Purchase Contact Hong Kong Company Ltd, the Zhuhai Gaolian Company and the Wuhuan Industrial Company, Guangnuu [as received] Ltd.—the latter two companies are from the mainland.

According to the official, the Hong Kong company fabricated a false Sharp trademark license in Hong Kong and had it printed. The Gaolian and Wuhuan companies assembled 38,000 sets of artificial Sharp brand Gf-800 hi-fis with spare parts supplied by the Purchase Company. The spare parts were in fact illegally imported from South Korea by the company.

"This was a violation of China's trademark law and relevant administrative regulations governing the management of markets," the official said, adding that the verdict was handed down after a 1-year investigation by the administration.

The administration has revoked Wuhuan's business license and fined Gaolian. Also, the litigants involved in the case have been handed over to the judicial departments, he said.

The administration has also stopped the use of the false Sharp trademark for Gf-800 hi-fis now on sale and banned the use of the trademark for any hi-fi assembled with spare parts.



**Japanese Firm Wins Right To Use Shanghai Land**  
*OW1007192188 Beijing XINHUA in English*  
0713 GMT 8 Jul 88

[Text] Shanghai, July 8 (XINHUA)—A Japanese company has won an international bid to develop a 12,000-square-meter property in Shanghai's Hongqiao economic and technological development zone.

Sun's enterprise won the bid with an offer of 104.16 million yuan—to be paid in U.S. dollars—for use of the land for 50 years.

Six companies from Japan, the United States, Hong Kong and the Chinese mainland entered the bidding, sponsored by the Shanghai Municipal Government. The results were announced this morning.

**Wang Zhen Meets Japanese Delegation**  
*OW1007054088 Beijing XINHUA in English*  
1126 GMT 9 Jul 88

[Text] Beijing, July 9 (XINHUA)—Wang Zhen, Chinese vice-president and honorary president of the China Association for International Friendly Contacts, met here this evening with Mutsuki Kato, former Japanese minister of agriculture, forestry and fisheries, and other visitors.

They discussed, among other things, questions concerning China's economic development and the expansion of Sino-Japanese friendly relations.

The other Japanese visitors, including Hajime Onishi, president of the Japanese Golf Development Association, and Kazuo Kimura, president of the Japan-China Economics and Trade Center, have been invited to play golf in Beijing.

**Zou Jiahua Meets Japanese Exchange Group**  
*OW1107184588 Beijing XINHUA in English*  
1335 GMT 11 Jul 88

[Text] Beijing, July 11 (XINHUA)—Chinese State Councillor Zou Jiahua met a Japan-China chemical industry exchange delegation led by Yasuwo Shimizu, president of the Ube Industries, Ltd., here today.

Chen Jinhua, general manager of the China Petro-Chemical Corporation, was present at the meeting.

**Chen Muhua Attends DPRK Embassy Reception**  
*OW1207025388 Beijing XINHUA in English*  
1531 GMT 11 Jul 88

[Text] Beijing, July 11 (XINHUA)—Choe Pong-chol, charge d'affaires ad interim of the Embassy of the Democratic People's Republic of Korea (DPRK) to

China, hosted a dinner this evening in honor of the 27th anniversary of the signing of the Treaty of Friendship, Cooperation, and Mutual Assistance between the DPRK and China.

In his speech Choe Pong-chol said, "Strengthening and developing friendship between the DPRK and China from generation to generation is the goal of the Workers' Party and people of Korea."

"In line with the spirit of the treaty," he stressed, "the Korean people will do their utmost to strengthen and develop friendship between the two countries."

In her reply, Chen Muhua, vice chairman of the Standing Committee of China's National People's Congress, said, "The Chinese people sincerely hope the Korean people will make their socialist fatherland more prosperous and stronger under the leadership of President Kim Il-song and the Korea Workers' Party."

The party, government, and people of China firmly support the Korean party, government, and people in their just struggle for the realization of self-determination and peaceful reunification of their fatherland, Chen added, and firmly support all reasonable suggestions and proposals raised by the Korean party and government on relaxing the situation on the Korean Peninsula and promoting the peaceful reunification of Korea.

Zhu Liang, head of the International Liaison Department of the Central Committee of the Chinese Communist Party, along with leading members of government departments, the Chinese Liberation Army and the Sino-Korean Friendship Association attended today's meeting.

**Kim Il-song Returns From Mongolia Via USSR**  
*OW0807194088 Beijing XINHUA in English*  
1531 GMT 6 Jul 88

[Text] Pyongyang, July 6 (XINHUA)—President Kim Il-song of the Democratic People's Republic of Korea (DPRK) returned home today by a special train via the Soviet Union, winding up his official visit to Mongolia.

During his visit, DPRK and Mongolia signed an agreement on the setting up of a consultative committee on economic, scientific and technological cooperation.

Kim Il-song left Pyongyang on June 24 for Mongolia via China and Soviet Union.

**Mongolian Revolution Day Marked in Beijing**  
*OW1007020888 Beijing XINHUA in English*  
0745 GMT 7 Jul 88

[Text] Beijing, July 7 (XINHUA)—The Mongolian ambassador to China N. Lubsanchultem gave a reception at his embassy here today to mark the 67th anniversary of the Mongolian people's revolution.

Chinese Minister of Railways Li Senmao attended the reception.

**Banquet Held**  
*OW1007175888 Beijing XINHUA in English*  
1413 GMT 9 Jul 88

[Text] Beijing, July 9 (XINHUA)—The Chinese People's Association for Friendship With Foreign Countries and the China-Mongolia Friendship Association jointly gave a banquet here today to mark the 67th anniversary of the Mongolian people's revolution.

Present on the occasion were president of the Chinese People's Association for Friendship With Foreign Countries Zhang Wenjin, Vice-President of the China-Mongolia Friendship Association Xu Wenyi, and the Mongolian Ambassador to China N. Lubsanchultem.

**Southeast Asia & Pacific**

**FAO Asia-Pacific Regional Meeting Opens**  
*OW1207031288 Beijing XINHUA in English*  
1347 GMT 11 Jul 88

[Text] Bangkok, July 11 (XINHUA)—The 19th regional conference for Asia and the Pacific of the Food and Agriculture Organization (FAO) of the United Nations opened here today to discuss various problems facing the region.

Representatives from 30 FAO member countries are attending the conference.

The conference will discuss a series of issues, including the food and agriculture situation in the region, persistence of malnutrition despite increased food availability, agroforestry approaches to reverse accelerating rates of deforestation, and modernizing a lagging livestock industry.

Thai Prime Minister Prem Tinsulanon said in his speech at the opening session that, during the past 10 years, the level of cereal production in the developing countries of the region had risen. "It is indeed an achievement we can all be proud of," he added.

He indicated that the food production for nutritional adequacy is a subject of much interest to Thailand.

FAO Director General Edouard Saouma noted in his speech that the characteristic of the region is vitality. "Effervescence, dynamism, change, evolution, movement, and boundless energy have all made their mark on the region's resounding successes, as well as its response to its worst crises. This vitality is the driving force behind the rapid growth of the region," he added.

According to FAO, between 1961 to 1986, cereal production in the developing countries of the Asia and Pacific region grew at an annual rate of 3.8 percent, a level substantially higher than in the rest of the world.

However, cereal production fell in 1987 by 3.2 percent, and there was considerable variation between countries.

On the whole, per capita dietary energy supplies are increasing despite population expansion.

**Xiang Hongyang Gives Speech**  
*OW1207043688 Beijing XINHUA in English*  
1400 GMT 11 Jul 88

[Text] Bangkok, July 11 (XINHUA)—The Chinese vice minister of agriculture stressed here today that "to ensure continuous agricultural development in the Asia and the Pacific region, it is an imperative task to improve the quality of farmers."

Xiang Hongyang, head of the Chinese delegation, made the remarks when addressing at the general debate session of the 19th FAO (Food and Agriculture Organization of the United Nations) regional conference for Asia and the Pacific, which started here today.

He noted that developing agriculture countries in the region share the common problem of underdeveloped research and extension services in agriculture, which has become a major obstacle to their agricultural development.

"We must adopt effective measures appropriate to the local conditions, to improve the rural education and training in order to have more farmers qualified with technical expertise and practical experience adaptable to the needs of modern agricultural production," he added.

"Many developing countries in the region also share the problems as to how to integrate research and production in agriculture," he said.

"There is ample room for the extension of appropriate agricultural technology and research findings in the region," he added.

He also suggested that FAO prepare an integrated plan of action to protect and renew agricultural resources and improve ecological environment in the region.



**Yang Shangkun Appoints Ambassador to Malaysia**  
*OW1207062588 Beijing XINHUA Domestic Service*  
*in Chinese 1216 GMT 11 Jul 88*

[Text] Beijing, 11 Jul (XINHUA)—In accordance with a decision of the NPC Standing Committee, PRC President Yang Shangkun has appointed Zhou Gang [0719 0474] as Chinese ambassador extraordinary and plenipotentiary to Malaysia.

**Chartered Flights To Malaysia Planned**  
*HK1207074488 Beijing ZHONGGUO XINWEN SHE*  
*in Chinese 0523 GMT, 9 Jul 88*

[Report by reporter Zhu Daqiang (2612 1129 1730): "China-Malaysia Chartered Flights To Be Inaugurated Next Month"]

[Text] Beijing, 9 July (ZHONGGUO XINWEN SHE)—The Guangzhou-Kuala Lumpur irregular chartered flights, which signify an important stage in the Sino-Malaysian civil aviation cooperation, will be inaugurated next month. China and Malaysia are also planning to inaugurate the Beijing-Kuala Lumpur regular flights, the Shanghai-Kuala Lumpur regular flights, and some other regular flights between the two countries in the next few months.

Lu Ruiling, head of the International Department of the Central Aviation Administration of China (CAAC), disclosed the above information to reporters. Lu Ruiling has just returned to Beijing from Malaysia.

Last October, the secretary general of the Malaysian Ministry of Communications visited Beijing and had a preparatory talk with the CAAC on opening air lines between the two countries. In June of this year, a CAAC delegation headed by Lu Ruiling visited Malaysia and signed a draft aviation agreement with Malaysia. The draft Sino-Malaysian aviation agreement approved the plan of inaugurating chartered flights between China and Malaysia. It is learned that China and Malaysia will also sign an agreement on opening regular air lines between the two countries soon.

**Sino-Australian Senior Executive Forum Held**  
*OW1207054288 Beijing XINHUA in English*  
*1452 GMT 11 Jul 88*

[Text] Beijing, July 11 (XINHUA)—The fifth China-Australia Senior Executive Forum to promote economic and technical cooperation between the two countries opened here today.

About 50 Australian entrepreneurs and 60 Chinese representatives are participating in the 5-day meeting cosponsored by China Enterprise Management Association and Australia-China Business Cooperation Committee.

Among the topics under discussion are how Chinese enterprisers can sell products in Australia, the effects of the 1987 world stock market crash on the Western economy and on China, priority projects involving the use of foreign funds in China, and the new export-oriented economic strategy in the country's coastal areas.

Chinese Vice Premier Tian Jiyun, and Australian Minister of Foreign Affairs and Trade Bill Hayden attended today's opening session, during which messages of congratulations were received from Chinese Premier Li Peng and Australian Prime Minister Bob Hawke.

Australian investment in China totalled 100 million U.S. dollars by the end of 1987, an increase of 50 percent over 1986, making Australia the 10th largest foreign investor in the country.

**Amity Delegation Ends Burma Visit, Departs**  
*OW0807090888 Beijing XINHUA in English*  
*0743 GMT 7 Jul 88*

[Text] Rangoon, July 7 (XINHUA)—A Chinese goodwill delegation left here for home this morning after a 1-week visit to Burma.

During its stay in Burma, the eight-member Chinese delegation headed by Huang Shiming, vice president of the Chinese People's Association for Friendship with Foreign Countries, was accorded a warm and friendly reception.

The delegation called on U Chit Hlaing, member of the Council of State and U Htwe Han, secretary of the Burma Socialist Programme Party Central Committee headquarters.

The delegation also held talks with the Burmese side headed by Secretary of the International Relations and Foreign Affairs Committee of the Burma Socialist Programme Party Central Committee Headquarters U Min Kyi.

The Chinese delegation visited factories, colleges, the Center of Agriculture Development, and the Central Institute of Political Science (party school).

**'Commentary' on SRV Troop Withdrawal**  
*HK1207010088 Beijing RENMIN RIBAO in Chinese*  
*10 Jul 88 p 6*

[Commentary by RENMIN RIBAO reporter Liu Aicheng (0491 1947 2052): "Vietnam Is Still the Crux of the Matter"]

[Text] Bangkok, 8 Jul—It is extremely hot in Bangkok in July. The meeting of ASEAN Foreign Ministers, the talks between ASEAN members and ASEAN partner countries, which are being held here, and the visits by Democratic Kampuchean President Prince Sihanouk and the UN Secretary General's Special Representative

Aihamaide [5337 0761 6701 1795] have further raised the temperature in the diplomatic circles. The meetings and the talks are all focused on the Cambodian issue. A diplomat stationed here said: "The enthusiasm surrounding the discussion on the Cambodian issue shows that people now more urgently hope and desire that the Cambodian issue be settled as quickly as possible."

For the past few days, people have been thinking hard about how the Cambodian issues can be solved as soon as possible. The representatives to the meetings and talks in particular have expressed many views and raised many suggestions. However, these views and suggestions can be summed up as the view that the main ways to settle the Cambodian issue politically is, first, to make Vietnam withdraw its troops as quickly as possible and, second, to make it hold talks. However, "Will these two ways work?" "What are the chances of success?" In reply to questions raised by this reporter, some foreign ministers pointed out: "Under present circumstances, whether they will succeed or fail depends on Vietnam."

This view is consistent with the actual circumstances. Regarding the question of the withdrawal of Vietnamese troops, the present situation is that on 26 May, Vietnam announced the withdrawal of 50,000 men from Cambodia between June and the end of this year and that it would pull back the Vietnamese troops stationed along the Cambodian-Thai border 30 kilometers. June has long passed. How are the Vietnamese doing in its "partial withdrawal?" Aike [5337 0344], a spokesman for the Sihanoukist National Army, recently said to this reporter: "According to our intelligence, Vietnam has merely transferred some of its units from western Cambodia to eastern Cambodia. At the most, some units have been transferred to the Cambodian-Vietnamese border, where they wait for orders and will act according to circumstances." On 4 July, a Democratic Kampuchean National Army radio pointed out: "Vietnam did not withdraw any troops in June. On the contrary, 7 or 8 truckloads of new recruits arrived between 26 and 29 June." It has been reported that "with the exception of a few, who are stationed in Kompong Thom, these new recruits, most of whom are trainees, have all been sent to northern Cambodia." In mid-June, on the Cambodian-Thai border, the Vietnamese units stationed in a part of Cambodia which directly faces (Yalan [0068 5695]) District in Thailand's Prachinburi Province, which is 5 kilometers away from them, bombarded Thai territory with artillery fire for several consecutive days. On 7 July, Vietnamese units stationed in a part of Cambodia that directly faces (Wanjue [8001 0414]) District in Thailand's Buriram Province again bombarded Thai villages with artillery fire, destroying many civilian houses, killing 12 villagers, and wounding another 19. Regarding this, a spokesman for the Thai Army has protested again. This shows that Vietnam has never pulled back its troops from the border areas.

Vietnam has also announced that after the "partial withdrawal," the remaining troops will be put under the

command of the puppet regime in Phnom Penh. Actually, Vietnam's real intention is to turn some Vietnamese troops into Heng Samrin's troops, so that they can permanently stay in Cambodia.

In March this year, while gathering news in western Cambodia, this reporter learned from Prince Rannarith, chief commander of the Sihanoukist National Army, that Vietnam has stealthily incorporated those Vietnamese soldiers who speak Cambodian languages into Heng Samrin's units, in order to augment the strength of the puppet army, and that these soldiers could become permanent members of Heng Samrin's units. If this is true, who can tell how many fakes there are in the Phnom Penh puppet army even by the time when Vietnam has "withdrawn all its troops" from the country?

Although ASEAN and the whole world strongly demand that Vietnam withdraw all its troops without delay, Vietnam simply ignores it. In mid-June, at a meeting in Bangkok with Vietnamese Foreign Minister Nguyen Co Thach, Thai Foreign Minister Siddhi demanded again that Vietnam withdraw all its troops next year. However, Nguyen Co Thach insisted on putting it off until the end of 1990 and said that whether or not Vietnamese troops would leave ahead of schedule depended on the degree to which the issue was settled politically. Observers here suggested that by "the degree" to which the issue is settled politically, Nguyen Co Thach meant world recognition of the puppet Phnom Penh regime which Hanoi single-handedly props up or of its predominance in the future Cambodian Government. In a joint declaration they jointly issued in Bangkok not long ago, leaders of the three Democratic Kampuchean parties suggest that "the Phnom Penh Regime and Democratic Kampuchea be dissolved during the second stage of Vietnamese withdrawal." However, this suggestion was promptly rejected. This shows that Vietnam is procrastinating on the withdrawal of troops because it wants to continue to support the Phnom Penh regime until "the situation is under its control."

Regarding political talks, the most important problem now being discussed by Prince Sihanouk, Thai leaders, the foreign ministers attending meetings here is the Jakarta unofficial meeting, which is being planned. The Coalition Government of Democratic Kampuchea [CGDK], which is under the leadership of Prince Sihanouk, has always favored direct talks with Vietnamese leaders. Thus, on 26 June, leaders of the three Democratic Kampuchean parties issued a statement calling on Vietnam to participate in the meeting and hold talks with Prince Sihanouk on the same day. On 2 July, Prince Sihanouk issued another statement stressing that Vietnam should participate in the first stage of the meeting, his reasons being that first, the Cambodian issue is a problem between Vietnam the aggressor and Cambodia and, second, the two meetings he had held with Hun Sen were fruitless because Hun Sen could not act on the behalf of Vietnam. However, the suggestion raised by



Prince Sihanouk and CGDK was again rejected by Vietnam. On 7 July, Vietnam threatened that if ASEAN intends to bring about direct talks between Vietnam and the four Cambodian parties, it will not participate in the Jakarta unofficial meeting.

Observers here suggested that Vietnam's attitude shows that it will not only disguise itself as one "who is not involved." What is even more important is that it has no intention whatsoever of settling the Cambodian issue politically. Thus, whether or not the Jakarta unofficial meeting will be held as scheduled and whether it will be a success or a failure will depend on Vietnam.

**SRV, PRK Condemn ASEAN Statement, Communique**  
*OW1107133288 Beijing XINHUA in English*  
1107 GMT 11 Jul 88

[Text] Hanoi, July 11 (XINHUA)—Vietnam and the Phnom Penh regime charged that the ASEAN foreign ministers' statement and communique on July 3 and 5 "have created a tense atmosphere and undermined efforts to organize the Jakarta cocktail party."

The accusation was made in a press release after Vietnamese Foreign Minister Nguyen Co Thach's July 9-10 visit to Phnom Penh on Saturday and Sunday, the local press said today.

The press release said Nguyen Co Thach and Phnom Penh regime "Premier" Hun Sen "strongly declared that the Jakarta cocktail party will not be a negotiation between Vietnam and the Kampuchean parties."

On July 3, the foreign ministers of the Association of Southeast Asian Nations (ASEAN) issued a statement in Bangkok supporting the proposed Jakarta meeting on July 25 and welcoming the willingness expressed by Vietnam and all the Kampuchean factions to attend the meeting.

"Their participation is deemed essential to the success of the meeting in achieving a political settlement to the Kampuchea problem," the foreign ministers of Thailand, Indonesia, Malaysia, the Philippines, Singapore and Brunei said in the statement.

In a July 5 communique issued after the 21st ASEAN foreign ministers' meeting, the six foreign ministers reiterated their call for Vietnam to withdraw its troops from Kampuchea.

The communique said that "Vietnam's military occupation of Kampuchea is a violation of the United Nations Charter and international law, of the right of the Kampuchean people to self-determination, and of the principle of non-interference in the internal affairs of a sovereign state."

"The invasion and continued occupation of Kampuchea by Vietnam poses a grave threat to the peace and stability of Southeast Asia, thus endangering international peace and security," the communique said.

**UN Official on Sihanouk's Resignation**  
*OW1107235988 Beijing XINHUA in English*  
1901 GMT 11 Jul 88

[Text] Geneva, July 11 (XINHUA)—Prince Sihanouk is the central figure in the Cambodian issue and no settlement can be foreseen without the key role for him, Fakhruddin Ahmed, the special representative of the United Nations secretary-general on Kampuchea said here Monday.

In his letter Sunday to Indonesian President Suharto, Sihanouk said he decided to resign as president of Democratic Kampuchea and will go to Paris for an exile life there. The leadership of Sihanouk faction and his troops will be entrusted to his son, Norodom Ranarith.

"I very much hope the momentum towards such a settlement (of the Cambodian issue) will be maintained, irrespective in what happens to any particular leader or any dialogue form," Ahmed said.

The U.N. official has just finished a diplomatic shuttle in Southeast Asian countries. During his visit in the region in late June and early July, he met with leaders of the Kampuchean resistance groups, the Vietnamese-backed Phnom Penh regime and foreign ministers of the six-nation Association of South East Asian Nation (ASEAN).

Ahmed had submitted to them a peace plan on the Kampuchean conflict by U.N. Secretary-General Javier Perez de Cuellar.

On the forthcoming informal peace talks in Bogor, Indonesia, Mr. Ahmed said the United Nations welcomed all initiatives and all procedures which might facilitate the beginning of a dialogue among the parties concerned.

The informal peace talks on Kampuchea are to take place on July 25 and would be the first face-to-face meeting of all the parties to the conflict.

### Near East & South Asia

**Qatari Media Hail New Sino Diplomatic Ties**  
*OW1007235488 Beijing XINHUA in English*  
1409 GMT 10 Jul 88

[Text] Kuwait, July 10 (XINHUA)—Qatar's newspapers welcome the decision to establish diplomatic ties between Qatar and the People's Republic of China.



Daily "AL-RAYAH" in its commentary said that the establishment of diplomatic relations between Qatar and China, announced by Qatar and China yesterday, served common interests and contributed to boosting Chinese-Arab relations and reinforcing Chinese support of Arab causes.

Another Qatari paper daily "AL-'ARAB" said that China constituted at present a balancing force in the international relations, and Qatar's ties with China represents a gain for the Arab world and is in need in its struggle against Israel. [sentence as received]

Qatar and China announced yesterday the establishment of diplomatic relations at the ambassadorial level as of July 9, 1988.

Qatar is the fourth member state in the six-nation Gulf Cooperation Council (GCC) to establish diplomatic relations with China. Following Kuwait, the United Arab Emirates (UAE) and Oman. China has not yet established diplomatic ties with Saudi Arabia and Bahrain, also member states of the GCC.

**Pakistan's Ziaul Haq Meets Chinese Muslim Visitors**  
*OW1107214488 Beijing XINHUA in English*  
1602 GMT 11 Jul 88

[Text] Islamabad, July 11 (XINHUA)—Pakistan President Mohammad Ziaul Haq received a 14-member Chinese Muslim delegation today in Rawalpindi, twin city of capital Islamabad.

During the meeting, President Ziaul assured the delegation of his country's full support and cooperation to the Chinese pilgrims en route Pakistan to Saudi Arabia for pilgrimage.

Ziaul apologized to the delegation for his postponement of his scheduled visit to China from May 30 due to the domestic affairs. He said that he is looking forward to visiting China later.

Leader of the delegation Aimaiti Wajiti, who is member of the Standing Committee of the Chinese People's Political Consultative Conference and deputy president of the China Islamic Association, expressed his heartfelt thanks to Ziaul and the Pakistan Government for their support and assistance offered to the Chinese pilgrims.

He hoped that President Ziaul will visit China as soon as possible.

During this year's pilgrimage season, 1,200 Chinese Muslims are expected to go to Saudi Arabia through Pakistan for pilgrimage.

**Contract Won on Nepalese Irrigation System**  
*HK1107123788 Beijing CEI Database*  
in English 11 Jul 88

[Text] Beijing (CEI)—The China International Corporation for Water Conservancy and Electric Power has won the contract, at the bidding price of 456.5 million rupees or 20.6 million U.S. dollars, for the reconstruction of a Nepalese irrigation system, which is the biggest of its kind in that country.

The present irrigation system, located 240 kilometers southeast of the Nepalese capital Katmandu, covers a total of 68,000 hectares of farmland and is the biggest irrigation area in Nepal today.

But the project needs thorough renovation to bring its potentials into full play due to irrational designing.

With loans obtained from the World Bank, the Nepalese Government planned to renovate the project in two phases. The Chinese company had contracted for the construction of the first phase, which was completed in 1985.

The Chinese company was again successful in its bidding for the second-phase construction which includes a 53-kilometer-long trunk canal, a branch system of 951 kilometers and a drainage network of 625 kilometers.

Also with World Bank loans, the project is scheduled to start in the coming September and be completed in 69 months.

**Pact on Construction of School for Palestinians**  
*OW1007022288 Beijing XINHUA in English*  
1005 GMT 7 Jul 88

[Text] Amman, July 7 (XINHUA)—China will build a school for Palestine refugee children in Baqa'a camp, about 20 kilometers north of Amman.

An agreement to this effect was signed this morning at Jordan field office of United Nations Relief and Works Agency [UNRWA] for Palestine Refugees in the Near East by Mr. Zhang Zhen, Chinese ambassador to Jordan, on behalf of his government and Mr. Dennis Brown, acting director of UNRWA affairs in Jordan, on behalf of UNRWA.

The agreement is the result of a request conveyed to the Chinese Government by Mr. Tahir al-Masri, the Jordanian foreign minister during his visit to China in September 1987.

After the signing ceremony, the Chinese ambassador stressed that China will continue to support the Palestinian people in their struggle while Mr. Brown thanked the Chinese Government for its contribution to the Palestinian people.

The school, which will replace a dilapidated prefab building, will cost approximately 800,000 U.S. dollars including equipment and furnitures. It will consist of 22 classrooms, 3 administrative offices, one library, one laboratory and one multi-purpose room.

The construction work, which will be carried out under the supervision of Chinese technicians, is expected to take about 18 months.

When completed, the school will cater for some 2100 refugee boys from Baqa'a camp which accommodates some 70,000 Palestine refugees and displaced persons.

UNWRA is now operating 195 schools in Jordan providing general education for 135,000 refugee children taught by an education staff of 3500.

**Indian Prime Minister's 4-Nation Tour Viewed**  
*OW1107113688 Beijing XINHUA in English*  
*1010 GMT 11 Jul 88*

["Round-Up: Indian Prime Minister's Four-Nation Tour (by Tan Renxia)"]—XINHUA headline]

[Text] New Delhi, July 11 (XINHUA)—Indian Prime Minister Rajiv Gandhi left here today to start his ten-day visit to Jordan, Yugoslavia, Spain and Turkey.

The visit is part of India's endeavor in diversifying its global contacts to promote bilateral relations, including trade and economic relations, as well as to make India's voice on some international issues heard.

During his visit to Jordan today and tomorrow, Gandhi is likely to discuss with King Husayn the issue of PLO-Israeli confrontation on the West Bank and the prospects of an early settlement of Iraq-Iran war. India is reportedly concerned with the simmering situation in West Asia as the region is a major market of India's labor export and an important supplier of India's oil import.

In Belgrade, talks between leaders of the two founding members of the non-aligned movement (NAM) will undoubtedly focus on the tasks and problems facing NAM, particularly the venue of the next NAM summit in 1989.

It was reported that Peru and Argentina are out of the race for the venue owing to internal complications, and Nicaragua is willing to withdraw its candidature. As a result, the choice of the summit venue will now fall on either Jakarta or Belgrade.

Gandhi appears to be inclined to persuade Yugoslavia to host the summit.

The choice of the venue will be decided at the ministerial-level meeting of NAM in Cyprus in September this year.

India and Yugoslavia are also expected to sign a number of agreements on bilateral cooperation in science, technology and industry.

Gandhi is scheduled to reach Madrid from Belgrade on July 15 and will have talks with Spanish Prime Minister Gonzalez on matters of common interest. He will be the first ever Indian prime minister to visit Spain.

On the last leg of his tour, Gandhi will visit Turkey. This will be the first visit to that country by an Indian prime minister in 28 years. The visit is aimed at giving a new impetus to the improvement of relations between the two countries which have been soured over years because of India's support to Greece on Cyprus and Turkey's close relations with Pakistan.

Turkish Prime Minister Turgut Ozal visited India in April 1986. A series of high-level exchanges followed. Trade and economic relations between India and Turkey increased steadily in the past few years. India is said to be keen on starting a joint project with Turkey in the reconstruction of Iraq and Iran.

The four-nation tour follows Gandhi's visits to Syria, Federal Germany, the United Nations and Hungary last month.

**Indian Navy To Get Early Warning Helicopters**  
*OW1107081588 Beijing XINHUA in English*  
*0802 GMT 9 Jul 88*

[Text] New Delhi, July 9 (XINHUA)—The Indian Navy is planning to acquire helicopters with airborne early warning (AEW) to enhance its detection capability and the general helicopter fleet of the Navy is being augmented.

This was stated by Indian Defense Minister K.C. Pant at the parliamentary defense consultative committee meeting on Friday during a review of the modernization of the Navy and the Air Force.

It is understood that a likely choice would be an advanced version of the British-manufactured Sea King.

Pant said that the government had taken in hand a comprehensive naval modernization programme. It planned the early introduction of advanced aircraft and an integrated surveillance system.

He pointed out that the Indian Ocean had been militarized—the Gulf having already seen naval and air battles—thus making it imperative for India to acquire adequate naval capability.

He disclosed that indigenously produced submarines are scheduled for induction in the 1990s. Efforts are also being made to enhance the capacity of the warships design bureau where the naval design organization would cater to an indigenous construction programme.



**6 Jul Kabul Car Bombing Kills Seven**  
*OW0907075588 Beijing XINHUA in English*  
1000 GMT 6 Jul 88

[Text] Kabul, July 6 (XINHUA)—A powerful car bomb exploded early this morning at a meat market in downtown Kabul, killing at least seven and wounding more than 10 others.

A security man told XINHUA that the explosion occurred at about 4:20 am local time near the city's police headquarters, about half a kilometer from the offices of the ruling People's Democratic Party of Afghanistan.

A fire caused by the explosion was quickly put out, houses within the 1,000-square-meter market were heavily damaged as were vehicles parked nearby.

The bomb was planted under a truck, parts of which were thrown about 20 meters in the explosion. The bomb left a hole of about six meters wide and two meters deep.

Windows were broken in buildings belonging to the Justice Ministry, the telecommunication office, the national bank and the Kabul Hotel. These buildings are located one kilometer from the site of the explosion.

Family members or relatives of the killed and wounded were seen crying and shouting to the security men at the scene. They nearly fought with police who did not allow them out of the blocked-off area to see the dead or wounded who had been sent to hospital earlier.

Nobody has claimed responsibility for the explosion which took place only about 14 hours after the arrival of Diego Cordovez, the U.N. mediator. Cordovez has come for discussions with the Kabul regime on the implementation of the Geneva accords and possibilities of forming a broad-based government in Afghanistan after the Soviet troop withdrawal from the country.

**UN Mediator Says Afghan Accord Being Implemented**  
*OW1007202288 Beijing XINHUA in English*  
1442 GMT 8 Jul 88

[Text] Islamabad, July 8 (XINHUA)—United Nations [U.N.] Mediator on Afghanistan Diego Cordovez said here today that the Geneva accord on the Afghanistan issue is being satisfactorily implemented.

Talking briefly to reporters at the Islamabad airport upon his return from Kabul, Cordovez said that Soviet troops are withdrawing from Afghanistan according to schedule.

The Geneva agreement signed on April 14 provides for the withdrawal of Soviet troops from Afghanistan within nine months starting May 15. Half of the estimated 115,000 Soviet troops will be pulled out in the first three months.

The U.N. mediator, who left here for Kabul on June 5, said that he held "useful discussions" with senior representatives of the Kabul regime and the Soviet military commander in Afghanistan.

Cordovez is currently on a three-country (Iran, Pakistan and Afghanistan) shuttle diplomacy in the region to review the implementation of the Geneva accord on Afghanistan and possibilities of setting up a broad-based government in Afghanistan after the withdrawal of the Soviet troops.

**Sub-Saharan Africa**

**Reportage on Visit of Guinean President Conte**

**Holds Talks With Deng**  
*HK0907092288 Beijing ZHONGGUO XINWEN SHE*  
in Chinese 0741 GMT 9 Jul 88

[Report by Li Wei (2621 0251): "Deng Xiaoping Says China Cannot Turn Away From Risks"]

[Text] Beijing, 9 Jul (ZHONGGUO XINWEN SHE)—Deng Xiaoping, the chief architect of China's new road, this morning said: In the course of deepening the reforms, we will encounter many problems, such as the price and wage problems and the corresponding problem of inflation. "This is a very important matter and there are risks. However, we cannot turn away from these risks or try to bypass them, unless we do not want to move forward."

He pointed out: The problems China has encountered have never before been experienced in the world. We cannot get a solution from foreign countries, and we cannot mechanically copy from their experiences. We have to rely on our own practice. Fortunately, China's policy of carrying out reforms and opening the country to the world is supported by all its people.

Deng Xiaoping said: China has the determination and the confidence to take on these risks. China has the courage to take risks thanks to its successful experience in the past 10 years. "We are encouraged by these 10 years of successful experiences."

During his 40-minute meeting with Guinean President Conte, Deng Xiaoping told the visitor that China is going to attain its goals "in three steps."

He said: The first step is to solve the problem of food and clothing. This problem has been solved 2 years ahead of time. China now is different from what it was 10 years ago. There have been great changes, particularly in the rural areas. The second step is to become comparatively well off. Now it seems that this can certainly be done. However, while taking the second step, we have to make preparations for the third step, which is to be taken in the next century. This makes our task much heavier.



Deng Xiaoping suggested: Further reforms and further opening are at the root of China's present problem.

Commenting on bilateral relations, Deng Xiaoping said: Since the establishment of diplomatic relations between China and Guinea, the two countries have remained on good terms. One can say that over past years, the two countries have established relations characterized by mutual trust. They are friends.

He indicated: China and African countries can be easily understood, and they can easily understand each other because they share common fates and some common experiences.

Conte spoke highly of the friendly relations between China and Guinea. He said: Since the establishment of bilateral diplomatic relations, China has done something effective to improve its relations with Guinea and other African countries. It has always supported the national liberation movements in Africa and in other parts of the world; in the United Nations, it has always supported the developing countries and peoples fighting for their own liberation.

Conte told Deng Xiaoping: Guinea will benefit from China's experience. He congratulated the two countries on the development of their relations and wished Deng Xiaoping good health and longevity.

**Honored at Nanjing Banquet**  
OW1107214888 Beijing XINHUA in English  
1551 GMT 11 Jul 88

[Text] Nanjing, July 11 (XINHUA)—Guinean President Lansana Conte and his wife were honored here this evening at a banquet hosted by Gu Xiulian, governor of Jiangsu Province.

Gu expressed the hope that her province will develop economic and technological cooperation with Guinea under the principles of equality, mutual benefit, stress on practical results, diversity in forms and attainment of common progress.

Conte and his party arrived here this afternoon from Guangzhou in the company of Zhu Xun, chairman of the Chinese Government Reception Committee and minister of Geology and Mineral Resources.

Greeting them at the airport was Gu Xiulian and then the Guinean guests visited the Nanjing Yangtze River bridge.

Earlier today, the Guinean guests visited two factories in Guangzhou and hoped that Chinese-made handicraft articles would be exported to Guinea.

**Li Peng Hosts Banquet for Gambian President**  
OW1107200988 Beijing XINHUA in English  
1519 GMT 11 Jul 88

[Text] Beijing, July 11 (XINHUA)—Chinese Premier Li Peng hosted a banquet in honor of Dawda Kairaba Jawara, executive chairman of Gambia River Basin Development Organization and Gambian president, and his wife here this evening.

Founded in 1978, the OMVG [Gambia River Development Organization] has four member states and Jawara took over as its executive chairman last year.

In his toast Li Peng praised the people of various countries in the Gambia River Basin for their gratifying results in exploiting their local resources and making efforts to promote their economies.

He said for a decade, the OMVG has tried multiple useful options to put the Gambia River basin under comprehensive harness and effective development, thus contributing to the coordinated joint development of its member states.

Li said the strengthened regional cooperation and exchanges are an effective way for Third World countries to achieve common development through collective efforts.

Li reaffirmed that China has always energetically supported the diverse forms of South-South cooperation among Third World countries.

"We are ready to work with African countries to explore and open up new areas and new forms of cooperation in the spirit of equality and mutual benefit, stress on practical results, diversity in forms and attainment of common progress," he added.

Jawara who is on his third visit to China said that he regarded this visit to China as "another important milestone" in their endeavour to consolidate the very close links that already exist between the two governments.

He said with the real threat of being caught in a vicious cycle of devastating droughts, the Gambia and the other member states of the OMVG have their best opportunities of survival and development by maximum rational exploitation of the water resources abundant in the rivers of the sub-region.

He said the OMVG is fast becoming one of the most eloquent symbols of African unity, self-reliance and economic cooperation among the member states.

In his toast Jawara talked about his views on the issues of Afghanistan and Kampuchea.

He said in general, Gambia's approach to any of the on-going regional conflicts in the world is based on the inviolability of the principles of the U.N. Charter and international law, particularly the principles of non-intervention and non-interference in the internal affairs of states and also of the non-use of force in the settlement of disputes.

Jawara said the Gambian Government sincerely hopes that the signing of the Geneva Accords will enable the Afghan refugees to return to their country in safety and dignity and also lead to the restoration of Afghanistan's independence.

He also called for the withdrawal of foreign troops from Kampuchea.

Jawara said Iran-Iraq war has created great instability in the Gulf region. He said the international community must concert their efforts to seek an honourable solution to this horrible fratricide war.

Before the dinner Li met with Jawara and his party who arrived here on a working visit to China late this afternoon at the invitation of the Chinese Government.

**Zambian Military Delegation Visits Hangzhou**  
*OW1007134188 Hangzhou ZHEJIANG RIBAO*  
*in Chinese 25 Jun 88 p 4*

[Text] A Zambian military delegation led by Zambian Secretary of State for Defense and Security Alex Kaunda Shapi ended a visit to Hangzhou and left for Beijing by special plane yesterday afternoon. The delegation was seen off at the airport by Li Qing, commander of the Zhejiang Provincial Military District; Yang Shijie, deputy commander; and Liu Yongxing, deputy chief of staff.

The delegation, accompanied by Fu Jiaping, deputy director of the Foreign Affairs Bureau of the Ministry of National Defense, arrived in Hangzhou from Nanjing by special plane yesterday morning. Commander Li Qing hosted a luncheon at Huajiashan Hotel to warmly welcome the guests.

**'News Analysis' on Angola's Prospects for Peace**  
*OW1207044388 Beijing XINHUA in English*  
*0116 GMT 12 Jul 88*

["News Analysis: Who Needs Peace More Than Angolans" by (Chen Qimin)—XINHUA Headline]

[Text] Gaborone, July 11 (XINHUA)—Even U.S. and South African officials have admitted no one could be more sincere than Angola in the ongoing quadri-partite talks on ending Angola's prolonged civil war.

Angola, South Africa, Cuba and the United States now are holding the fourth round of peace talks in the United States for the mutual withdrawal of South African and Cuban troops from Angola, thus bringing peace to the nation and paving the way for Namibia's independence.

Whose need for peace is more urgent than Angola's?

The 13-year-old war has turned the once grain-exporting, oil-rich and diamond-producing Angola into a starving beggar who complains about the unfair treatment that left it independent but without peace.

Ninety-eight percent of its cultivated land has now become wasteland, 80 percent of its food has to be imported, diamond production has dropped from an annual 2.5 million carats in the pre-independence period to less than 0.5 million now. One million Angolans have become homeless, and more than 55,000 people have been killed and another 50,000 maimed on the battlefields.

Angola spends almost half of its revenue on the war, with the yearly cost of maintaining the 54,000 Cuban troops in the country at about one billion dollars. Thus, the nation has taken on an external debt of four billion U.S. dollars, of which 2.6 billion is owed to the Soviet Union for the cost of weapons.

All this suffering was caused by the prolonged war in Angola between Angolan Government forces and the Cuban troops on one side and South Africa and Angola's anti-government rebels, the National Union for the Total Independence of Angola (UNITA), on the other.

Although the Angolan Government is desperate for an end to the war which has cost it at least 12 billion U.S. dollars since independence, it has insisted that it will not share power with Jonas Malheiro Savimbi, the UNITA leader without whom there will be no chance for a national reconciliation leading to the end of the civil war.

To leaders of southern African frontline countries, the question is whether Angola is vigilant enough to avoid being cheated by South Africa.

But most perplexing to Angolan President Jose Eduardo dos Santos is how to deal with UNITA and its leader Savimbi, a man who poses as "the elder of the revolution" during the struggle for Angola's independence from Portugal and is reluctant to serve under Dos Santos in the government.

With this in mind, the Soviets have come up with the idea that "we can cooperate with UNITA, but not Savimbi."



But U.S. President Ronald Reagan could not accept the idea. A U.S. official in Washington has said that the United States will by no means break with UNITA, because UNITA is a political entity not to be ignored in Angola.

During his visit to the United States last month, Savimbi was received by President Reagan who supports Savimbi's plan for Angolan national reconciliation.

Apparently, after foreign forces evacuate Angola, finding a settlement of the conflict between the Dos Santos government and Savimbi's UNITA will be at the heart of arranging peace in Angola.

### **West Europe**

#### **European Parliament Leader Arrives in Beijing**

##### **Greeted by NPC Officials**

*OW0807224388 Beijing XINHUA in English*  
*1336 GMT 8 Jul 88*

[Text] Beijing, July 8 (XINHUA)—Lord Henry Plumb, president of the European Parliament, and his party arrived here today on a week-long goodwill visit, as guests of China's National People's Congress (NPC) Standing Committee.

Liao Hansheng and Zeng Tao, vice-chairman and a member of the NPC Standing Committee, met the guests at the airport.

##### **Discusses Tibet With Wan Li**

*HK0907090688 Beijing ZHONGGUO XINWEN SHE*  
*in Chinese 0741 GMT 9 Jul 88*

[Report by reporter Wang Xiaohui (3769 2556 2547): "Wan Li Says China Welcomes the Dalai Lama Back To Talk, But 'Tibetan Independence' Is Out of the Question"]

[Text] Beijing, 9 Jul (ZHONGGUO XINWEN SHE)—NPC Standing Committee Chairman Wan Li today said that China welcomes the Dalai Lama to come in person or to send a representative to talk. However, any form of "Tibetan independence" is out of the question.

Wan Li was meeting with European Parliament Speaker Henry Plumb in the Great Hall of the People, where they talked about the Tibet issue.

It has been learned that the European Parliament has adopted a "Resolution on the Tibetan Situation," engineered by a handful of people, that interferes with China's domestic affairs. Wan Li said that this is much to China's regret. At the same time, Wan Li expressed his thanks to Speaker Plumb for his friendly and cooperative attitude regarding this incident.

Wan Li remarked that the peaceful liberation of Tibet was realized in 1951 with the Dalai Lama's personal support. However, the Dalai Lama exiled himself from Tibet in 1959 in the wake of the armed revolt launched by a handful of splitists. Democratic reform was implemented in Tibet the same year, thus ending days darker than those of the European medieval age. Over the past 10 years, the Chinese Government has adopted a series of special policies that have been helpful to Tibet's development and has given Tibet support in every way. This has enabled Tibet's healthy economic, cultural, and educational development. Autonomy of nationalities, as well as religious freedom, is practiced in the region. The handful of splitists will never win the support of peoples of various nationalities. Their attempt to internationalize the Tibet issue to split the motherland by relying on foreign forces has been in vain.

Wan Li expressed the hope that Speaker Plumb will continue his efforts to help those European Parliament members who have failed to see the whole picture on this issue to see the truth, so that they will not be cheated by a small number of people with ulterior motives.

##### **Speaks of Sino-EC Relations**

*OW1007053788 Beijing XINHUA in English*  
*1140 GMT 9 Jul 88*

[Text] Beijing, July 9 (XINHUA)—Wan Li, chairman of the Chinese National People's Congress (NPC) Standing Committee, said here today that cooperation between China and the European Community (EC) will be a long-term one with great potential.

Wan made the remark at a meeting with Lord Henry Plumb, president of European Parliament, and his party at the Great Hall of the People.

Wan described the relations between the NPC and the European Parliament as very close. He said the Parliament has played an active role in promoting cooperation between China and the EC.

The Chinese leader expressed his conviction that Plumb's current visit would further the friendly relations and cooperation between NPC and the European Parliament and push forward the development of relations between China and EC in the fields of economy, trade, science, technology and culture.

Plumb said he hoped the existing good relations between the two sides would develop further.

Wan also gave an account of China's reform of its price and wage systems.

Plumb said China needs great political courage to carry out price and wage reform, which is vital, he said, in controlling inflation, maintaining a steady economic situation and boosting cooperation with other countries.



Wan mentioned a few members of the European Parliament who had shown an unfriendly attitude toward China on the Tibetan issue. He also expressed his appreciation of Plumb's "friendly and cooperative attitude" on the issue.

Plumb said, "I know that Tibet is China's internal matter and not an external one."

He told Wan that the recent visit by the Dalai Lama to Strasbourg, a French city where the European Parliament is located, was a private one and not at his invitation. "I did not meet him," he said.

After the meeting, the NPC Standing Committee gave a banquet in honor of the visitors.

#### **Austrian Official Discusses Bilateral Relations**

##### **Talks With NPC Vice Chairman**

OW0807040688 Beijing XINHUA in English  
1012 GMT 7 Jul 88

[Text] Beijing, July 7 (XINHUA)—Liao Hansheng, vice-chairman of the Chinese National People's Congress (NPC) Standing Committee and chairman of the NPC Foreign Affairs Committee, met here today Peter Jankowitsch, chairman of the Foreign Policy Committee of Austria's National Council.

##### **Meets Vice Premier Wu**

OW0907001288 Beijing XINHUA in English  
1155 GMT 8 Jul 88

[Text] Beijing, July 8 (XINHUA)—Chinese Vice-Premier Wu Xueqian met here today with Peter Jankowitsch, secretary for international affairs of the Socialist Party of Austria and chairman of the Foreign Policy Committee of Austria's National Council.

Jankowitsch said that relations between Austria and China have enjoyed steady development since the establishment of diplomatic ties between the two countries.

Now the time has come for the two countries to deepen their relations, he added.

Wu Xueqian said that China attaches importance to developing economic, trade and technological cooperation with countries in Western Europe, including Austria.

He said that China welcomes Austrian entrepreneurs to cooperate with their Chinese counterparts, particularly in China's coastal areas.

#### **Sichuan Secretary Talks With FRG Party Leader** OW1007163388 Beijing XINHUA in English 1008 GMT 8 Jul 88

[Text] Chengdu, July 8 (XINHUA)—Yang Rudai, member of the Political Bureau of the Chinese Communist Party Central Committee, met with Dr. Johannes Rau, vice-chairman of the Social Democratic Party of Germany and Minister-President of the government of Nordrhein-Westfalen of Federal Germany, today in this capital of Sichuan Province.

Yang is also secretary of the Sichuan provincial party committee.

A joint statement was signed between Sichuan Province and Nordrhein-Westfalen yesterday on expanding bilateral cooperation and on establishing friendly ties.

#### **Shanghai, West Berlin Mayors Hold 'Cordial' Talks** OW1007151688 Shanghai JIEFANG RIBAO in Chinese 25 Jun 88 p 1

[Excerpts] Mayor Zhu Rongji met Eberhard Diepgen, mayor of West Berlin, and his entourage at Jinjinag Hotel yesterday afternoon. The two sides held cordial and friendly talks on the possibility of further developing economic cooperation between Shanghai and West Berlin.

Mayor Zhu said: Shanghai is faced with a series of problems, including housing shortages, environment pollution, and traffic congestion; the traffic problem is especially acute. There are 8 million people and an additional floating population of 2 million in an urban area less than 100 square kilometers. The city government is doing its best to improve the traffic problem. We are very interested in your assistance in subway construction. We also hope that we could expand cooperation in other areas. [passage omitted] After the talks, Mayors Zhu Rongji and Diepgen attended a ceremony at which agreements relating to Shanghai-West Berlin cooperation in the second phase of the Shanghai subway project were signed. After that, Mayor Zhu gave a banquet in honor of Dipugen and his entourage. [passage omitted]

#### **Contract Signed for Sino-Dutch Joint Venture** OW1007135688 Shanghai City Service in Mandarin 2200 GMT 28 Jun 88

[By reporter Liu Fuquan and correspondent Zhang Jingren]

[Excerpt] A ceremony to sign the contract for the Shanghai Philip Semiconductors Company, a Sino-Dutch joint venture, was held in Shanghai on the afternoon of 28 June. The company, which will be jointly established by the Philip Company of the Netherlands and Shanghai No 7 Radio Plant, will manufacture integrated circuits for consumer use.

Shanghai Mayor Zhu Rongji, Vice Mayor Liu Zhenyuan, Chief Engineer of the Ministry of Machine-Building and Electronics Industry (Yu Zhongyu), and Mr (D Grove), a member of the Management Committee and head of the Parts and Materials Department of the Philip Company attended the signing ceremony. [passage omitted]

**Pope 'May Visit' Beijing, Hong Kong in 1989**  
*HK0907040388 Hong Kong HONGKONG STANDARD in English 9 Jul 88 p 1*

[Text] Pope John Paul II may visit China and Hong Kong next year, newly-elevated Cardinal John Baptist Wu said on his return from the Vatican last night.

"It is possible the Pope may visit Beijing and Hong Kong in October next year on his way to Seoul to attend the International Eucharistic Congress," he said.

Cardinal Wu quoted the Vatican Secretary of State, Cardinal Casaroli, as saying indirect contacts between China and the Vatican began earlier this year in an effort to normalise relations.

There was intense speculation about a papal China visit at the time.

"Negotiations will take time and will depend on the sincerity of both sides," he said.

Cardinal Wu could not say whether there would be a breakthrough this year.

He cited the example of negotiations between China and the United States which lasted more than three years before relations were normalised.

Speaking about his new assignment as cardinal, he said he would concentrate on the consultation being carried out within the diocese on the church's strategy for 1997.

Cardinal Wu said he presented a photo album of Hong Kong to the pope on behalf of the diocese together with an embroidery of the Great Wall of China.

He hoped the embroidery would enforce the Chinese saying "one is not a hero if he has not visited the Great Wall".

Cardinal Wu asked the Pope to visit Hong Kong if he goes to Beijing. He told the pontiff the album would give him a better understanding of the territory.

News of the pope's possible China visit came late last year after mediation by South Korean clergy.

Hong Kong's only papal visit was in 1970 when Pope Paul VI visited the territory for three hours.

## East Europe

**CPC Official Meets GDR Socialist Party Group**  
*OW0807233388 Beijing XINHUA in English 0950 GMT 8 Jul 88*

[Text] Beijing, July 8 (XINHUA)—Rui Xingwen, member of the Secretariat of the Chinese Communist Party Central Committee, met here today with a group of vacationists from the Socialist Unity Party of Germany.

The visitors have been here in accordance with an exchange program between the Chinese Communist Party and the Socialist Unity Party of Germany.

## Sino-Bulgarian Cooperation Agreements Signed

**On Science and Technology**  
*OW0807115388 Beijing XINHUA in English 0552 GMT 8 Jul 88*

[Text] Sofia, July 7 (XINHUA)—Bulgaria and China signed here today an agreement on financing projects of cooperation between scientific-technological research institutions from both countries.

The agreement was signed by Tang Aoqing, president of the China Natural Science Fund Committee, and Konstantin Kosev, Bulgaria's vice minister of Culture, Science, and Education.

Under the agreement, scientists from both countries will cooperate in 21 projects in agriculture, animal husbandry, and ship hydro-dynamics.

**On Social Science**  
*OW0907001188 Beijing XINHUA in English 1429 GMT 8 Jul 88*

[Text] Sofia, July 8 (XINHUA)—The first Sino-Bulgarian social science cooperation agreement was signed here today by Li Shenzhi, vice president of the Chinese Academy of Social Sciences and his Bulgarian counterpart, Nikolay Todorov.

Under the agreement, the two sides will undertake cooperations in the fields of economics, politics, history and literature.

The delegation from the Chinese Academy of Social Sciences arrived here July 4.

**Friendship Delegation Leaves for East Europe**  
*OW0807040388 Beijing XINHUA in English 1219 GMT 7 Jul 88*

[Text] Beijing, July 7 (XINHUA)—A delegation from the Chinese People's Association for Friendship with Foreign Countries left here today on visits to Romania, Hungary, and Bulgaria.



The delegation is headed by Xie Bangzhi, association's council member.

**Poland's Messner Meets Chinese Newspaper Editor**  
*OW0907010488 Beijing XINHUA in English*  
0014 GMT 9 Jul 88

[Text] Warsaw, July 8 (XINHUA)—The Polish Premier Zbigniew Messner said when meeting with a visiting editor-in-chief of a Chinese official newspaper that potential of expanded cooperation exists between Poland and the People's Republic of China.

In his conversation with Yao Xihua, editor-in-chief of the Chinese "GUANGMING DAILY," who arrived here on June 30 heading a delegation for a 2-week visit, Messner reviewed his recent visit to China and said he was deeply impressed by his meetings with the Chinese leaders.

Messner added that wherever he went China he could never fail to see great achievements made by the Chinese people in implementing the reform and open policies and in building up the country.

During the meeting, the Polish premier asked Yao Xihua to convey his kind greetings to Chinese intellectuals, who he said have made great contributions to the Chinese construction.

**'New Analysis' on Gorbachev's Visit to Poland**  
*OW1107063188 Beijing XINHUA in English*  
2345 GMT 10 Jul 88

["News Analysis: Polish-Soviet Ties on Eve of Gorbachev's Visit—XINHUA headline]

[Text] Warsaw, July 9 (XINHUA)—Polish and Soviet flags are flying outside the news center of the Polish international news agency, where press briefings have been held in the last three days on the Soviet leader Mikhail Gorbachev's forthcoming visit to the country.

Gorbachev's visit, the first by a Soviet Communist Party general secretary in 15 years, is due to begin Monday and he will also attend a two-day meeting of Warsaw Pact nation leaders on July 15-16.

The Polish leader Wojciech Jaruzelski said recently that Gorbachev's arrival would be an "important event in the history of our relations" and would also "help deepen our friendship and develop cooperation of new forms."

Polish Politburo member Mieczyslaw Rakowski told a recent press briefing that the forthcoming visit by Gorbachev would be a "forceful support" to Poland at a crucial moment of its political and economic reforms.

He also said the talks will focus on political issues rather than economic relations which is a subject of regular talks between the two countries.

Significant changes have taken place in the Polish-Soviet relations since Gorbachev came to power in 1985.

Poland began its reform in January 1982 amidst its most serious economic and political crises. The reform, which was believed to deviate from the then Soviet pattern, was described by the Soviet press in 1983 as "preaching views incompatible with socialism."

The relations between the two countries improved however after Gorbachev put forward new thinking, started perestroika (restructuring) and proposed that each socialist country be allowed to build socialism with its own characteristics.

The Polish authorities also said that the fact that Western countries have ended their economic sanctions imposed on Poland at the beginning of the 1980s is connected with the changes in the Soviet Union in domestic and foreign policies, which they said have contributed to improved Soviet-U.S. ties and a better world atmosphere.

Economic and trade relations between the two countries have also improved in the past few years. Trade with the Soviet Union, which is Poland's largest trading partner, accounts for about one third of total Polish foreign trade. The Soviet Union is also increasing its loans to Poland.

Tsarist Russia had been involved in the partitioning and occupation of Polish territory and differences of views had remained for a long time over a number of issues in the relations of the two countries. But in April last year the two countries decided to solve what they call "blank spot" issues. The Soviet Union has admitted that it has made mistakes over these historical issues and progress has been made in this aspect.

Poles have an increasingly favorable opinion of Soviet leader Gorbachev. A public poll conducted in October last year in Poland showed that 76.2 percent responders have a good opinion of him. The percentage in 1985 was only 53.5.

A Polish consulate opened in July 1987 in the Republic of Ukraine in the Soviet Union where 1.2 million Poles live and another consulate will open in the Lithuanian republic.

## Latin America & Caribbean

**Brazil's President Sarney Satisfied With Visit**  
*OW1107235488 Beijing XINHUA in English*  
1909 GMT 11 Jul 88

[Text] Brasilia, July 11 (XINHUA)—Brazilian President Jose Sarney arrived in Brasilia Sunday after a six-day official visit to China.



A Brazilian presidency spokesman told XINHUA in the Brasilia air base that President Sarney was very satisfied with his important and fruitful visit.

The spokesman quoted President Sarney as saying that cooperation between China and Brazil, two leading countries in Asia and Latin America, will contribute to world equilibrium and peace.

The president also said that the two countries are ready to cooperate in the advanced technology sector and overcome the barriers imposed by the industrialized countries.

During Sarney's trip to China, the two governments signed eight accords, including the joint construction and launching of two remote control satellites in 1992 and 1994.

**Defense Minister Meets Peruvian Army Chief**  
*OW1107230588 Beijing XINHUA in English*  
*1412 GMT 11 Jul 88*

[Text] Beijing, July 11 (XINHUA)—Qin Jiwei, minister of National Defense, met here this afternoon with General Artemio Palomino Toledo, commanding general of the Army of Peru.

They discussed contacts and cooperation between the two countries' armies.

**Ecuadorean Women's Group Visits NPC Official**  
*OW1207004988 Beijing XINHUA in English*  
*1527 GMT 11 Jul 88*

[Text] Beijing, July 11 (XINHUA)—Lei Jieqiong, vice chairman of the Chinese National People's Congress Standing Committee and vice president of the All-China Women's Federation, met and feted here this evening a women's delegation from Ecuador.

The Ecuadorean visitors, who are here as guests of the Chinese Federation, were led by Hilda Eguez de Jaramillo, chairman of a Women's Association of Ecuador.

**NPC's Ni Zhifu Hosts Guyanese Trade Unionists**  
*OW0907104688 Beijing XINHUA in English*  
*1010 GMT 9 Jul 88*

[Text] Beijing, July 9 (XINHUA)—Ni Zhifu, vice-chairman of the Chinese National People's Congress Standing Committee and president of the All-China Federation of Trade Unions, met and hosted a banquet for a delegation of the Guyanese Trades Union Congress led by its President George Daniels here tonight.

**CPC Group Meets Argentine Radical Party Leader**  
*OW0907002888 Beijing XINHUA in English*  
*0727 GMT 8 Jul 88*

[Text] Buenos Aires, July 7 (XINHUA)—Edison Otero, president of the National Committee of the Radical Civic Union (UCR) of Argentina, met with a Chinese Communist Party delegation today to review the development of relations between the two parties.

The Chinese delegation was led by Lin Ruo, member of the Central Committee and secretary of the party's provincial committee of Guangdong, southern China.

During the meeting today, the two sides briefed each other on the economic reforms being carried out in their respective countries.

UCR first vice president, Osvaldo Guerrero, and its general secretary, Luis Caceres, were also present at the meeting.

The Chinese delegation is on a 5-day visit to Argentina at the invitation of the UCR. The delegation arrived here this afternoon from Brazil.

**Zhao Ziyang on Corruption and Cadre System Reform**  
OW1007074188 Beijing XINHUA Domestic Service in  
Chinese 1628 GMT 1 Jul 88

[By RENMIN RIBAO reporter Song Shiqi and XINHUA reporter Hu Qinghai]

[Text] Beijing, 1 Jul (XINHUA) During an informal discussion with deputies to the national organization work meeting, Zhao Ziyang, general secretary of the CPC Central Committee, pointed out: To solve the question of corruption in party and government organizations, we must strengthen supervision. Improving the openness of cadres' work and advocating equal opportunity are important principles of the cadre system reform. In evaluating cadres, we must pay attention to their productive forces as well as their ability and political integrity.

The national organization work meeting sponsored by the CPC Central Committee's Organization Department ended in Beijing this afternoon. During the meeting, Zhao Ziyang, Hu Qili, Rui Xingwen, and Wen Jiabao met with all deputies to the meeting, had an informal discussion with some deputies, and heard a report on the meeting.

Zhao Ziyang said: The question of corruption in party and government organizations has a very important bearing on whether we succeed or fail in making reforms. No party or government organizations are permitted to engage in trade or open companies. We must strictly enforce this. Government officials must not mix with traders. Organizations engaging in trade must establish no contact with party or government organizations. Party and government organizations must not let them hand in money or pay in kind. It is impossible to see absolutely no question whatsoever arise in society while we are developing commodity economy. However, if the general mood in party and government organizations is healthy, things can be done easily.

Zhao Ziyang said: To solve the question of corruption in party and government organizations, we must rely on education, legislation, and regulations. Again, the key to the question lies in strengthening supervision. It is necessary to bring the role of supervision by the people and by society and the supervisory role of party organizations into full play. Party organizations, in terms of their activities, must stress supervising party and government cadres. Not only government organization party committees, but also all party organizations should do this task.

Zhao Ziyang said: To reform the cadre system and do cadres' work well, we must successfully do two things: improve the openness of cadres' work and advocate equal opportunity. It is necessary to be open concerning who will and who will not be promoted—the more open

the better. The more open things are, the fewer weaknesses there will be. When things are open, equal opportunity will be readily available, and more justice will prevail.

He said: If we are open and impartial, take the mass line, and let the masses join us, things can be done easily. If we do things mysteriously and secretly, if we act covertly, things cannot be done easily, and "connections" will remain. Our working system, our work process and the results of our work must be open. These are democracy itself, and these are the mass line. The organization departments, which are in charge of personnel and work assignments, must also accept supervision by the masses.

Touching on cadres' work, Zhao Ziyang said: In evaluating work done by cadres, in the final analysis, we want to see whether or not the productive forces in that place have been liberated and the development of the productive forces have been promoted. This is the historical materialist point of view. The standard of the productive forces and the principle of having both ability and political integrity should be integrated. They should be integrated in practice of implementing the party's basic line and in actual work results.

He said: Liberating productive forces is a scientific concept, which is not tantamount to the concept of profits or making money. When an area or a unit became rich during period, we cannot certainly say the area or the unit conformed to the standard of the productive forces. Some people there made illegal profits and thus damaged the interests of the whole. In terms of the situation as a whole, these people affected the development of production. They did not develop the productive forces. In contrast, when production in an area developed well, it would also be impossible that leading cadres in that area had no political integrity at all. If bureaucratism and unhealthy trends are serious, they themselves will fetter the productive forces and affect the development of the productive forces. Therefore, it is wrong to interpret the standard of the productive forces in a pragmatic, narrow, and simple way. However it is also wrong to interpret a cadre's political integrity without considering achievements in his official career, his actual performance or his keeping to the basic line.

Zhao Ziyang said: In the construction of the four modernizations, we evaluate cadres by paying attention to their actual performance. By doing so, we have not only upheld the criterion of practice, but also persisted in the standard of the productive forces and met the requirement of having both ability and political integrity.

At the national organization work meeting today, Song Ping, member of the Political Bureau of the CPC Central Committee and head of the Organization Department of the CPC Central Committee, summed up. He called for comrades of all party committees and organization and



personnel departments to seriously study and implement the guidelines of important speeches made by Zhao Ziyang and other leading comrades of the Party Central Committee.

**Central Document Urges Honest Government**  
*HK1207034588 Hong Kong TA KUNG PAO in Chinese*  
12 Jul 88 p 2

[Special article by Chiu Sheng (5941 5116): "A Central Document Again Urges the Elimination of Corruption and Promotion of Honest Government"]

[Text] The Masses Hate the Evil Trends Among Cadres [subhead]

At present, the masses in China have a lot of angry complaints about the following two issues: 1) commodity prices; and 2) party style. Under the current conditions that commodity economy is developing, what the masses mean by the impurity of the party style is that working personnel of the party and government organs abuse their power for private gains, resort to bribery, and take bribes. They are also accused of some other malpractices such as graft and theft, blackmail, extortion of money, violation of the law, and so on.

These malpractices have been exposed by the newspapers from time to time. When the commodity economy is developing continuously, the new and old systems are coexisting with each other, and the two-tracked price system is being implemented, lawless persons have been provided with an opportunity for gaining ill-gotten wealth. Quotas, letters of approval, licenses, plans and so on in their hands are signs of prices. As revealed by a newspaper recently, a responsible person of a preparatory group of a hospital in Tianjin contracted a building valued at more than 4 million yuan to a group of contractors in exchange for 2,000 yuan and a motorcycle. The building was later discarded as useless...

**Zhao Ziyang Talked About an Honest Government at a Political Bureau Meeting** [subhead]

Personages at the highest leadership stratum of the CPC have paid close attention to this phenomenon of corruption. As early as during the Spring Festival when Zhao Ziyang was making an inspection tour in Guangdong, he talked about the issue of "prosperous economy, and honest government." He pointed out: "In some countries and regions, the economy is prosperous, but their official circles are corrupted. Our country must not follow this path, and must prevent the occurrence of this situation." At a meeting of the CPC Central Committee Political Bureau held on 30 May, Zhao Ziyang talked about 10 issues, and one of the issues was about "honest government." He stressed: "Whether the working personnel of the party and government can maintain their honesty will determine whether the people are for or against us, the success or failure of the reform, and the success or failure of modernizations." He pointed out:

"Seeking private gains at the expense of the interests of the people, the images of the party and state organs, and the prestige of reform can never be allowed by state law and party discipline."

The No 5 Document of the CPC Central Committee [subhead]

The CPC Central Committee has recently issued the No 5 Document, urging working personnel of the party and government organs to maintain their honesty. The document points out that the reform in China has entered a critical stage, and that several important measures for reform will be announced one after another. Whether the party and state organs can maintain their honesty will concern the success or failure of reform. The document admits that a "corruption phenomenon" has existed among the cadres of the CPC.

**Establishing A People's Accusation System** [subhead]

The document demands that in the entire process of reform and opening up, the "two firmnesses" be maintained. 1) The firmness in promoting reform and opening up, and prosperous economy. 2) The firmness in maintaining honesty, and preventing corruption. Communist Party members working in the party and government organs, and party members assuming leadership posts in particular, must take the lead in strictly abiding by the law and discipline. They are not allowed to take bribes and bend the law. They must take the lead in handling matters impartially and fulfilling their duties. They are not allowed to abuse their power for private gains. They must take the lead in struggling hard. They are not allowed to live in luxury, or waste the money of the state.

The document has also demanded that the supervisory, judicial and discipline inspection departments take forceful measures to oppose malpractices such as corruption, taking bribes, abusing power, dereliction of duties, and so on, so that the unhealthy and evil trends can be completely stopped and prevented. The document urges the establishment of a people's accusation system. All people are entitled to expose the crimes of evildoers. The supervisory departments should establish their special organs to deal with the matter of accusation by the masses.

**Hu Qili Urges Better Propaganda Work by Media**  
*OW1007050788 Beijing XINHUA in English 1144*  
GMT 9 Jul 88

[Text] Daqing, July 9 (XINHUA)—Chinese leader Hu Qili has called on the mass media and those engaged in ideological work to correctly guide public opinion and encourage the entire population to overcome difficulties cropping up in the reform.



Hu, a Standing Committee member of the Political Bureau of the Central Committee of the Communist Party of China, urged the media outlets to correctly explain to the people China's current situation at the present time, which is a critical period in the reform.

"We should make an adequate estimation of achievements in reform, while making a matter-of-fact analysis of existing problems," he told a national conference held in Daqing, Heilongjiang Province, on communications and ideological work, this week.

This will make people fully prepared to meet with difficulties and problems in this period, he noted.

During the shift from the old system to the new, it is inevitable to witness some bad elements and misconducts, such as corruption in society, the party and the government, because of the backwardness of legislation and loopholes in policies.

He said that the party and the government will not tolerate the misdeeds, and will take "resolute and forceful" measures to crack down on them.

"It will not do if people seek only material incentives and personal gains. History has shown that it is a tragedy if a nation has no ideals or spirit. If this is the case, the nation will always be subject to threat or invasion and never get rid of backwardness and ignorance."

He called on the party members and officials at various levels to be models in working hard to enhance such a spirit.

Hu encouraged ordinary people to supervise the work of the party and the government. "We rely on public opinion, the media industry and the law enforcement organs to improve our supervision work," he said.

He hoped that the media should try to promote what he called "social democracy, consultations and dialogues".

According to Hu, the media should serve as a bridge in bringing the people, the party and the government closer for a better understanding among the three sides.

Said Hu Qili: "Now, China is shifting from a product economy to a socialist commodity economy, making it necessary for ideological and political work to change accordingly."

The sole criterion for judging the success of ideological work in enterprises is whether it can arouse workers' initiative for production and whether it is conducive to the growth of production and the improvement of economic results, he told the conference.

**CPC Cadre Advises Against Too Rapid Reform**  
*HK1207063488 Beijing JINGJIXUE ZHOUBAO*  
*in Chinese 26 Jun 88 p 1*

[“Cao Gang Expresses His View on Reform, Saying That It Is Difficult to Predict Consequences of Advancing in a Linear Manner”]

[Text] When facing mountains of obstacles and difficulties in the course of reform, some people advocate that “a short period of pain is better than protracted pain” and try to radically advance reforms in an attempt to complete them through a decisive move. Cao Gang of the Shaanxi Provincial CPC Committee's Party School expressed his opinion on this to this newspaper's editorial department. He said that if we advance the reforms in such a radical manner, we may face the danger of “complete failure.”

In view of the reform process, we find that there are many defects in the manner of advancing the reforms. First, the reforms were advanced through the traditional form of mass movements. Although this form has been discarded in the political arena, it is still used in the economic arena. This manner is divorced from reality. Relations of production are changed artificially in a one-sided way. In the selection of reform targets, we only try to pursue the perfect, ideal, and supreme pattern of things, and the economic reforms become subjective activities. Second, we only advance reform in a single field and fail to coordinate reform in various fields. This often places us in a passive position. Third, we are too anxious to achieve quick results, and try to advance in a linear manner. This violates the objective law that governs the development of things. At the early stage, reform did advance with great momentum, and this aroused the anxiousness in some people's minds. In addition, people's attention is too much focused on the growth in immediate material benefit.

Cao Gang holds that correct decisionmaking is essential in a crucial period. The present period is a special period and people are apt to make erroneous decisions and cause serious mistakes under such circumstances. In particular, the price and wage reforms must be very prudently advanced. If our heads are not cool enough, we may push these reforms into a disastrous crisis.

**Commentator Stresses Persistence in Reform**  
*HK1207041288 Beijing BAN YUE TAN in Chinese*  
*No 12, 25 Jun 88 pp 4-5*

[Commentator's article: “Going Through the Most Difficult Pass With One Heart and One Mind”]

[Text] Reform has been carried out for nine years. There is always a fair amount of comment on the merits and demerits of the reform. Any unbiased person will agree that over the past nine years, our production has been greatly developed, our living standard has been markedly improved, and our national power has been rapidly

strengthened. This is the principal aspect of the situation over the past nine years. The practice of reform has proved that the party's line and guiding principle for reform and opening up is correct. If we describe the situation as a complete mess, or utterly hopeless, this is not a practical attitude, or an attitude which seeks truth from facts.

Our reform is deepening, and entering the second stage. Some difficult paths or dangerous passes such as commodity prices, wages, labor system and so on are now in facing us. We can neither bypass them, nor retreat. It is unavoidable that we must go through the most difficult pass.

The reason why we describe the reform in these aspect as the most difficult pass is because it has touched upon everyone's interests, and the old system and old concepts which we were accustomed to. It will encounter contradictions and complexity. Reform is an arduous and risky task, and will produce great repercussions on society. Therefore, when reform has reached this critical juncture, we will fall behind if we fail to make progress. Whether we can go through the difficult pass well has an impact on the success or failure of reform, and the rise and fall of our country. Persisting in advancing in spite of danger, and firmly and meticulously crossing the dangerous pass is an important task in facing the entire party and people throughout the country.

To go through the dangerous pass, concerted efforts of the masses are needed. We can work with one heart and one mind only when we have a unified understanding and identical interests. It is the greatest historical mission of the people of our generation and several generations to come to realize the four modernizations and invigorate the Chinese nation. The fundamental way for fulfilling this mission is to carry out reform. There is no other way which will follow in this regard. Reform is an undertaking which involves millions upon millions of people. The masses are the masters of the reform. We should soberly realize the situation in our country, understand the work of the party and government, support the policy of the party and government, stand on the forefront of the reform, overcome difficulties and take the risk together.

To carry out reform, an environment of stability and unity is needed. Our people wish to live and work in peace and contentment. Under a chaotic condition, it is impossible to smoothly carry out reform and construction. There are many historical experiences and lessons we can draw in this regard. We wasted too much time in the past, and must not repeat the previous mistakes! Therefore, any actions which interfere with and undermine the situation of stability and unity run counter to the basic interests of the people, and might cause a great loss to the state and the people.

The party and government have shown concern for various problems occurring in reform. With the support and under the supervision of the people, they are conscientiously solving these problems. These problems include running the party strictly, establishing a honest government, strengthening and improving ideological work, solving the problem of unfair distribution, reforming education, enhancing the effects and benefits of industrial enterprises, and so on. Have these problems not been placed on the agenda? Those, who are aware of the difficulties and complexity of reform have realized that these problems cannot be easily solved in a short period of time. Those, who are enthusiastic in reform, and hope China will become a prosperous and powerful country, should adopt an active and responsible attitude. They should be of one heart and one mind with the party and government to cross the dangerous pass together. We must on no account negate our reform, or lose confidence in our future because of the existence of some problems. We must avoid acting on impulse to do something which harms the stability of the society, or ruins the general situation of reform.

Reform needs a powerful leadership of the party and government. Reform was brought about by the party, and is being accomplished by the people under its leadership. Without the powerful leadership of the party and government, it would have been impossible for us to cross the dangerous pass. Nor would it have been possible for us to score the success in reform. Laxed discipline and anarchism is like a sheet of loose sand. It will lead us nowhere. We should safeguard the authority of the party and the government, and push reform forward along the line of the 13th CPC National Congress. Any attempt to lead the reform astray is not allowed.

Our Communist Party members, youth league members and state cadres should have the general situation under control, and make a clear distinction between right and wrong. It is their responsibility to do ideological work well for the masses. They should take a clear-cut stand to support reform, and unswervingly defend the political situation of stability and unity.

Unity of will is an impregnable stronghold, and powerful enough to pull out the whole mountain. Under the leadership of the party, as long as the one billion people go forward hand in hand, they will certainly be able to cross the dangerous pass, and greet their still brighter future.

**Scientific Policy Making Discussed**  
*HK1107040888 Beijing RENMIN RIBAO*  
*in Chinese 1 Jul 88 p 5*

[Article by Yu Guangyuan (0060 0342 6678): "A Detailed Study Report Is the Essential Basis for Scientific Policy Making—Preface to 'A Study of Boyang Lake'"—boldface as published]

[Text] After visiting Boyang Lake in 1982, I suggested that comrades in Jiangxi Province write this book. At that time not only did I explain the great significance of



writing such a book, but also discussed my tentative ideas for the book's fundamental framework. I also promised I would write a preface to the book after its completion. My suggestion was accepted and very soon a writing body was organized. Through nearly 5 years of efforts, the book will be published soon. Now it is time for me to fulfill my promise.

I am very satisfied with the book's manuscript, a scientific work on the land economic study of a certain big basin which I hoped to see. The book makes an objective scientific description and analysis of its own subject—the natural conditions and resources of the Boyang Lake area and its past development and the effect of the development on ecological conditions—and proceeding from actual conditions, it puts forth a theoretical design for developing and improving the Boyang Lake's area's ecological and economic systems and makes a systematic study of the development strategy for the area. These contents are precisely what I had hoped to see included in the book when I put forth its framework in 1982. However, what is now written in the book is richer and more complete than I had conceived.

As I see it, the work provides a systematic and scientific basis for making policy on the development and improvement of Boyang Lake. With essential data and discussions in it, the book has considerable persuasive power. I am convinced that after reading it, everybody will agree.

Of course, with this argument, I do not mean that the book is flawless. On the contrary, I think—I believe the authors of the book will share my view—that there are various inadequacies in the book and after its publication, experts will put forth complements or amendments to the book. Furthermore, with this argument, I never mean that as the scientific basis for the development and improvement of Boyang Lake, this work alone is enough for that purpose. Also exactly the reverse, I think—I believe the authors of the book will share my view—that more people are expected to write more science works to provide scientific basis for the same cause. In fact, the book will contain just the achievements of research conducted by specialists and scholars up to 1987 and I found many people had written articles and made speeches, offering a lot of valuable suggestions since then. On no account can we gain a full understanding of Boyang Lake, a large track of land which has a vital bearing on our country's socialist construction, complicated problems, and ever changing conditions, just by publishing several books.

I have always had this idea in my mind: When making a policy decision on a relatively complicated problem, we should base it on a detailed study report or on various forms of scientific works. Making policy decisions by just listening to oral reports or just studying written reports asking for instructions is unscientific. Making policy decisions by relying on "news clippings" or the reports of press organizations is naturally not a serious and prudent

attitude toward work. Therefore, lengthy specialized study reports or scientific works are usually necessary for policy making. I have encountered this argument many times: Being fully occupied, it is impossible for those in charge of policy making to read lengthy study reports and therefore, it will be okay for us to write something for them in a summary fashion. Writing a detailed scientific report is probably a waste of effort. I do not agree with this view. In my opinion, the basic duty of a person in charge of policy making is to ensure his decisions are scientific in nature. For this purpose, he should have the knowledge not only about if there are propositions for him to choose but also about what bases such propositions are based on. In making policy decisions, failure to seriously examine the bases for any propositions will easily lead to errors. Policy makers should ask anyone who puts forth a proposition to write down all the bases and strict scientific deliberations for his proposition and try their best to personally read such works, because they are the foundation for scientific policy decisions. I think this is probably one of the reasons for making leading cadres younger in average age, because younger cadres can devote more energy to reading more works.

As a matter of fact, people's energy is limited. Since persons in charge of policy making are particularly busy, it is, therefore, not necessary to ask them to read all study reports and it is not necessary to ask them read all relevant scientific works. It is in fact impossible to do so. Anyhow, policy makers should still stress study reports as the basis for policy making and the writing of science works. Even though they have no time to read such reports and works carefully, they should be concerned if there are such materials at hand. In my opinion, before making any policy decisions, a policy maker should have such materials at hand and examine if his propositions are "justified by books." If he has some doubts with a certain proposition, he can find out related bases from such books and with some study of them, he may ask himself whether his doubts have been cleared. Of course, in making any policy decision, policy makers can adopt this method: Organize another group of experts to comment on this data without the writers of these works or face-to-face discussions on the materials at hand between specialists and the authors of these books to see if there are differences among specialists or if they have any additional opinions. Of course, there is a prerequisite for carrying out the work, that is, there must be people who have written the materials. Without such detailed materials beforehand, it would be simply impossible to conduct such discussions.

As I see it, since the positions and nature of work of those who put forth suggestions and made deliberations and who are in charge of policy making are different, the contents of their work and work methods should be different. This is unquestionable. However, there is no absolute line of demarcation in the work of people in these two categories. Sometimes, policy makers themselves have to directly do some research work. To make

their research achievements more solid and reliable and to have their achievements adopted more extensively, more often than not, the people who provide research achievements to policy making have to relinquish their status as pure researchers, seriously consider how to make their propositions acceptable to policy makers, and to do things outside the domains of pure research.

For example, researchers can organize themselves to compare and study various optional propositions. This work of organizing discussions and making appraisals is designed to provide more services to policy makers rather than to draw up some propositions for them to choose. Making comparison of different propositions is of course the job of policy makers but now researchers do it for them. As a result, policy makers' labor has been greatly lessened. In terms of effect, this will help enhance policy makers' capability to make better policy decisions and shorten the duration of time from putting forth propositions to making policy decisions.

Of course, this work remains in the field of research, because it is designed to help policy makers rather than to make policy decisions. Making policy decisions remains the job of policy makers. Nevertheless, it can be said that there is a difference in varying degrees between researchers in terms of closeness to policy makers. Ordinary researchers are relatively far from policy makers while advisers to policy makers—or brain trusters—are comparatively close to policy makers. This holds true for the relations between research achievements and policy making. Many serviceable scientific works for policy making can only provide in general many views but not propositions ready for implementation. They are research achievements relatively far from policy making. If people put forth a concrete proposition, the proposition is then comparatively close to policy making. To put it briefly, both researchers and research achievements can be divided into several levels according to their closeness to policy making. The study through comparison of the above-mentioned optional propositions is research work very close to policy making.

In the book "A Study of Boyang Lake" appearing before us, there are research achievements both far from and near to policy making.

Proceeding from research achievements at hand, one should study his propositions in a more concrete, deep, accurate, careful, and thoughtful way so that he can be more precise, lively, incisive, and forceful in explaining his propositions. As I see it, this work must be done. Although it cannot be considered an advance from research to policy making, it can play a good role in the whole process of policy making. More often than not, it will take a considerably long time to turn researchers' propositions into policy decisions, during which the researchers can improve their positions by adding more arguments and do what they can to make things convenient for policy makers to make policy decisions, to lessen the latter's labor, to minimize the scope of policy

making, and shorten the time needed for making policy decisions so that their propositions can be accepted more easily and play their roles in practice. Therefore, we should be good at grasping the opportunity.

I want to discuss another view of mine here. In other words, researchers should refrain from letting their research achievements stay at the current levels. As far as the researchers of Boyang Lake are concerned, the completion of the writing of the book "A Study of Boyang Lake" is a new starting point rather the end of the study of Boyang Lake. My concrete suggestion is that after the publication of the book, we organize discussions on it to solicit comments, which should be viewed as a turning point in further promoting the study of Boyang Lake. After completing the monumental work of "A Study of Boyang Lake," the authors should continue their research and make greater contributions to the continued study, development, and improvement of Boyang Lake.

(The book 'A Study of Boyang Lake' has been published by the Shanghai Science and Technology Publishing House.)

**Li Peng Stresses Law Enforcement in Taxation**  
OW1007073888 Beijing XINHUA Domestic Service in  
Chinese 1328 GMT 9 Jul 88

[By reporter Ding Jianming]

[Text] Beijing, 9 Jul (XINHUA)—Li Peng, member of the Standing Committee of the Political Bureau of the CPC Central Committee and premier of the State Council, stressed the importance of enforcing the law in taxation work. He made the above statement in Zhongnanhai this afternoon after hearing a briefing on the national taxation work conference.

Li Peng fully affirmed the work of the 500,000 taxation cadres across the country who had smoothly fulfilled the state task under difficult circumstances.

Li Peng said: Taxation is a main source of state finances as well as a major means to exercise macroeconomic regulation and control. Like banking and other economic levers, taxation plays an increasingly important role in the process of developing a socialist commodity economy in China. Therefore, governments at all levels must pay keen attention to taxation.

Stressing the importance of law enforcement in current taxation, Li Peng said: Tax reduction and exemption for only enterprises is not the only way to stimulate the expansion of productive forces. Enforcing tax laws does not conflict with the development of productive forces. Overall, law enforcement can more effectively protect and stimulate the expansion of productive forces as it is the only way to ensure state financial income for China's economic development and reform. He said: Local governments and enterprises should not merely expect the



state to reduce or exempt their taxes. The key to developing enterprises lies in raising labor productivity, improving management and efficiency, and accelerating technological progress.

Li Peng urged all tax departments to work hard and step up collection and management efforts to successfully fulfill this year's task. He also called on them to improve the quality and professional competence of tax personnel. Tax officers should study hard to improve their competence and conscientiously resist all kinds of unhealthy tendencies.

Vice Premiers Yao Yilin and Tian Jiyun, State Councilors Wang Bingqian and Liu Guixian, and leading officials of State Council departments concerned also attended the briefing.

**Yang Shangkun Reportedly Marries Vice Mayor**  
*HK1207004688 Hong Kong CHENG MING in Chinese No 129, 1 Jul 88*

[Article by Hsu Min-ming (1776 2404 2494): "Yang Shangkun Marries a Middle-Aged Charming Lady"]

[Text] Wu Yi is a strange name. Why should a lady, who was a mere nobody, have in less than 1 year catapulted from a cadre (at most at the bureau level) to the high-ranking post as vice mayor of Beijing Municipality? Why has she now even been elected at the 13th National Party Congress as an alternate member of the CPC Central Committee? To solve the puzzle, some reporters in the capital went to the trouble of doing a little investigation. Something interesting has been brought to light.

It turned out that Wu Yi is the new wife of the current head of China, Yang Shangkun, and the first lady of China. Since the death of his former wife writer Li Bozhao, Yang Shangkun had been looking for a wife. Many women had been put on the list of candidates. He finally settled on the old lady Wu Yi. Wu Yi had never been in love before. Of course, she had never been married. She graduated from the Beijing Petroleum College in 1962. Later, she was in the oil industry, working as an oil refinery or petrochemical factory technical worker, section head, engineer, deputy director, and assistant general manager. From this, we can see that Wu Yi, if without someone influential behind her, must have the skills of a top performing lady. Before she walked into the municipal government building at No 2, Zhengyi Road, Beijing early last year, she was a secretary of the party committee of the Yanshan Petrochemical Company. This promotion had been rather special. What was particularly special was her very quick rise to the post of vice mayor of Beijing Municipality in charge of foreign trade. What was especially noteworthy was that she was elected at the 13th National Party Congress as an alternate member of the CPC Central Committee. If reporters had already known that she was Madame Yang, they would not have bothered with an investigation.

Wu Yi had originally kept a low profile. Despite her many interests, she was after all different from those who like to be in the limelight. But in the past few months, in a break with her past style, she has often surfaced. She has been given a big buildup on the television screen and in the press. This despite the fact that up to now she has not been reported to be the current first lady of China.

It had been said that Wu Yi was 38 years younger than Yang Shangkun. But the press suddenly reported that Vice Mayor Wu was 49 years old. Yang Shangkun is only 81 this year. This has given rise to the question about how old Yang Shangkun is after all.

It is no secret that Chinese cadres vie with each other in reducing their own age. At the 13th National Party Congress, Li Xiannian openly said: "Let Yang Shangkun be the chairman. He is my senior by 2 years."

In Xishan of Beijing, live a number of retired military veterans. During the Seventh National People's Congress, the daily topic was Yang Shangkun's age. These people know Yang's background as they know their ten fingers. Yang Shangkun had fought together with Peng Dehuai. Peng's age has now exceeded 90. Yang Shangkun can never be 10-plus years younger than Peng. Some people say that one or two years may have been added to the age of Wu Yi. This petite lady with fine, delicate features standing at a height of only 1.6 meters looks just like someone in her forties. But in my opinion, it is a matter of love. So long as there is mutual love, it is all right. In the world, many fall in love disregarding age. Age is by no means an obstacle to love, and, still less, an insulator. There is no sense bothering too much about the age gap between husband and wife.

Several years ago, Wu Yi said: "I am no advocate of spinsterhood. It is only that life has given me no chance. So far no one has won my love." Now she has been won over by an old man of over 80. This must be considered a miracle. Perhaps, it is a manifestation of her great loyalty to the party.

#### Marriage Rumor Denied

*HK1207015488 Hong Kong TA KUNG PAO in Chinese 12 Jul 88 p 1*

[Special dispatch from Beijing: "Beijing Municipal Female Vice Mayor Wu Yi Denies Marriage Rumor"]

[Text] Beijing, 11 Jul—While interviewed by BEIJING WANBAO, Beijing Vice Mayor Wu Yi laughed off the prevailing rumor of her marriage. She said: "This is sheer nonsense. The rumor will be clarified some day, and the whole truth will come out."

What Wu Yi meant by the rumor was her marriage to President Yang Shangkun, which was spreading widely in the society. It was learned that the CPC had held a meeting not long ago to clarify the truth of the matter.

BEIJING WANBAO published the interview today. It was revealed that Wu Yi is still a "spinster." She is now responsible for the work of industry and foreign trade of the Beijing Municipality. Over the past 5 months since she took office, her work schedule has been fully arranged even on Sundays. Apart from the work assigned to her as a vice mayor, she also found time to finish her 15,000-character senior engineers' special thesis. She has passed the English examination for senior engineers, and won the title of senior engineer.

**Central Advisory Commission Member Visits Jinan**  
*SK1007055488 Jinan Shandong Provincial Service in Mandarin 2200 GMT 9 Jul 88*

[Text] Comrade Wang Shoudao, member of the Standing Committee of the Central Advisory Commission, inspected our province recently and left Jinan on 9 July.

Comrade Liang Buting, secretary of the provincial party committee; Lu Maozeng, deputy secretary of the provincial party committee; and Jiang Chunyun, deputy secretary of the provincial party committee and provincial governor, called on Comrade Wang Shoudao at the guesthouse he stayed at in Jinan. Provincial leaders introduced to Comrade Wang Shoudao the work of the provincial party committee and the provincial situation in reform, opening to the outside world, and national economic development.

After hearing Comrade Liang Buting's report on correctly handling the relationship between different coastal open areas and between coastal areas and inland areas, Comrade Wang Shoudao said: This is a good opinion. We must not advocate the practices of monopoly and blockade in the course of reform and opening to the outside world. Reform is the path we must follow. There will be no progress if we do not conduct reform. Developing the socialist commodity economy is also a path we must follow just because it is a way to make China rich.

Comrade Wang Shoudao also heard the province's reports on family planning and the work toward the elderly. He expressed satisfaction with our province's family planning work and asked about the work situation of the provincial university for the elderly, the sports association of the elderly, and the society of the elderly. He said: Running a university for the elderly is a good practice. The old people can find sustenance in studying and doing something. Through study, they can do something within their ability and continue to bring their roles into play.

Some old people are able to engage in paid labor services. It is a good practice that the old people are organized to develop study societies and service trades. It is necessary to develop paid labor services. However, we should do good deeds. We are never allowed to engage in speculation and profiteering or to abuse our power for private gains.

Wang Jinshan, vice chairman of the provincial Advisory Commission, and responsible comrades of Jinan City also accompanied Comrade Wang Shoudao to inspect Jinan knitting mill and (Qinghe) Village of (Beiyuan) Town.

**State Council Appoints, Removes Functionaries**  
*OW1207031988 Beijing XINHUA Domestic Service in Chinese 1057 GMT 11 Jul 88*

[Text] Beijing, 11 Jul (XINHUA)—The State Council, on 16 and 29 June, appointed and removed a number of state personnel.

Yao Yilin, An Zhiwen (concurrent), Song Jian (concurrent), Wang Bingqian (concurrent), Li Guixian (concurrent), Liu Suinian (concurrent), Luo Gan (concurrent), Cheng Zhiping (concurrent), Zhang Sai (concurrent), Fang Weizhong, Gan Zhiyu, Ye Qing, Zhang Shou, Hao Jianxiu (female), Liu Zhongyi, Sheng Shuren, Chen Guangjian [7115 0342 0256], Gui Shiyong, and Shi Qirong were appointed members of the State Planning Commission; Liu Jibin was appointed vice minister of finance; Tu Yourui [1458 3945 3843] was appointed vice minister of railways; Wu Jingchun [0702 2529 2504] (female) was appointed vice minister in charge of the State Family Planning Commission; and Qian Yongnian as director of the Foreign Affairs Office under the State Council.

Liu Jibin was removed from the office of director of the State Administration of State-Owned Property; and Xu Zhijian was removed from the office of vice president of the China State Shipbuilding Corporation.

**Railways Carry More Passengers, Freight**  
*OW0907103488 Beijing XINHUA in English 1006 GMT 9 Jul 88*

[Text] Beijing, July 9 (XINHUA)—Despite a series of serious railway incidents early in the year, China's railway passenger and freight volumes have just kept on growing.

In the first half of this year, the number of railway passengers topped 584 million, an increase of 5.4 percent over the same period last year.

Freight volume reached 700 million tons, a 5.2 percent increase.

Targets were met in shipments of coal, fertilizer, grain and phosphorus ore.

The Ministry of Railways said there was a sharp increase in tourists and business people riding trains after spring festival. To cope with the situation more trains were added and planning and coordination of routes strengthened.



Freight loading averaged 71,100 wagons per day, 1,565 wagons more than last year, despite many lines being squeezed out for passenger transportation

Coal shipments totalled 282 million tons, 4.7 percent more than last year.

Railway officials are concerned how to deal with the traditionally very heavy summer vacation traffic loads.

The Ministry of Railways plans to raise four billion yuan to accelerate the development of railways and improve security.

**Higher Train Fares Urged To Reduce Overloading**  
*OW1007143688 Beijing XINHUA in English*  
0653 GMT 8 Jul 88

["Raise Fares To Tackle Overloading on Train, Says Paper"—XINHUA headline]

[Text] Beijing, July 8 (XINHUA)—China's passenger trains are seriously overloaded and one way to solve the problem may be to raise ticket prices, today's ECONOMIC DAILY said.

The paper noted that in the past 30 years the number of passengers has increased nearly four-fold but the number of trains has only increased by 1.7 times. Last year trains in China carried 1.2 billion passengers.

The paper said as many as 236 passengers may be crowded into a railway car of 24.6 meters long and 3.1 meters wide providing less than 0.3 sq.m. of space for each person.

The demand is such that it is often difficult to get a ticket. The Beijing railway station turns away 15,000 would-be ticket buyers every day.

Train travel is considered a "suffering experience" and complaints keep pouring in, the paper said.

A sample survey conducted this may at Beijing Railway Station showed 40 percent of the passengers were tourists and 23.5 percent were peasants working outside their hometowns. People on business made up 23.3 percent.

The paper said ticket prices are too low to sustain maintenance and other expenses.

More passengers mean more money losses for the railway, the paper said.

The paper also suggested that transport capacities of highways and water routes should be tapped so as to ease the pressure on railways. It said that it takes an overall restructuring of the country's transport system to solve the problem.

**Li Menghua Notes Olympic Team Size, Sports**  
*OW0907112888 Beijing XINHUA in English*  
0700 GMT 9 Jul 88

[Text] Beijing, July 9 (XINHUA)—Chinese Minister of Sports Li Menghua will head a 443-member sports delegation to the coming Olympic Games to be held in Seoul of South Korea, it was announced here today.

He Zhenliang, vice-chairman of the Chinese National Olympic Committee (COC), told a joint meeting of the Standing Committee of the All-China Sports Federation and executive Board of the COC this morning that the delegation include 301 athletes and 142 officials.

It is predicted that the Chinese athletes will take around 30 medals in Seoul, including eight to 12 gold medals. China won 15 gold medals, eight silvers and nine bronzes in Los Angeles four years ago.

He Zhenliang, who is a member of the Executive Board of the International Olympic Committee, will also be one of the three deputy leaders of the Chinese delegation. The two others are Yuan Weimin and Xu Yinsheng, both vice presidents of the Chinese Olympic Committee.

He said that the Chinese athletes will compete in 20 sports—track and field, swimming, gymnastics, weightlifting, wrestling, judo, fencing, boxing, soccer, basketball, volleyball, table tennis, handball, archery, shooting, cycling, rowing, canoeing, yachting and modern pentathlon.

He Zhenliang said that all the athletes and teams were now engaged in intensive training to prepare themselves in the best form for the games.

**Two Satellite Ground Stations Completed in Tibet**  
*OW1107012788 Beijing XINHUA Domestic Service in Chinese*  
2258 GMT 28 Jun 88

[Text] Shanghai, 29 Jun (XINHUA)—Two satellite ground stations, one in Qamdo and the other in Ngari of Tibet, were completed recently and will be put into operation soon. The equipment for both stations was supplied and installed by the First Research Institute of the Ministry of Post and Telecommunications, which is located in Shanghai. The Tibetan Autonomous Region will begin telecommunications service through satellites after the two stations are put into operation. The antennas at both stations are 6 meters in diameter.

The Electronics Development Office of the State Council early last year issued a plan for building a number of satellite communications ground stations in outlying regions. The two are the first completed among those planned stations.

It is expected that three more satellite communications ground stations with 6-meter antennas will be successfully completed in Tibet this year. By then, a satellite communications network will begin to take shape in the Tibetan Autonomous Region.

**Officer Interviewed on New Military Rank System**  
*OW0807133888 Beijing XINHUA Domestic Service*  
*in Chinese 0708 GMT 6 Jul 88*

[By reporter Yi Jianru]

[Text] Beijing, 6 Jul (XINHUA)—How does the new PLA military rank system differ from the old one? Why are the ranks of marshal and senior general no longer offered? Why are officers doing the same job not necessarily the same rank? In an interview with this reporter, a senior officer in charge of the All-Army Leading Group on New Military Ranking System answered these questions of popular interest.

The officer said: According to the new regulations on Chinese military ranks, there will be 11 ranks—first-grade general, general, lieutenant-general, major general, senior colonel, colonel, lieutenant-colonel, major, captain, lieutenant, and second lieutenant. Compared with the old military rank system introduced to the PLA between 1955 and 1965, the new system has been simplified, with the ranks of marshal, senior general, and senior captain no longer offered and first-grade general being the highest rank.

Explaining why the ranks of marshal and general have been abolished, the officer said: In peacetime, the army shoulders different tasks from those in wartime, and the vast majority of officers have no battle experience. Therefore, it is inappropriate to offer such high ranks. A leading member of the Central Military Commission said that in the time of peace, military ranks should be simplified. As a matter of fact, this has become an international trend. In the Soviet Union, the military rank system, which used to offer relatively high ranks, is undergoing reform, and the rank of marshal has not been conferred since World War II. In the United States, the title of five-star general is only conferred in war time. This shows that other countries now practice peacetime military rank systems that are different from those in wartime.

On the question of different rank officers performing the same kind of job, the officer said: The army is in a transitional period between old and new cadres. Officers performing the same kind of job usually have different experiences and capabilities and make different contributions, and therefore are usually offered not the same rank but two or three different ranks. Military jobs at all levels are performed by officers of a standard rank, with one rank up or down at the margin. For example, according to the regulations, the standard rank for army-level cadres should be major generals, that is, the job is performed mostly by major generals, with small numbers

of lieutenant generals and senior colonels. The standard rank of full regimental officers should be colonel, that is, the majority of them should be colonels with a minority of lieutenant colonels. The new system will promote unity and cooperation between new and old cadres, rationalize the structure of officers, and help young to grow to maturity.

**Retired General's Diary Receives Wide Attention**  
*OW0907014088 Beijing XINHUA in English*  
*1213 GMT 7 Jul 88*

[Text] Beijing, July 7 (XINHUA)—When General Xiao Feng—now living in retirement—began keeping a diary 60 years ago, he never expected it would win him so much attention.

Xiao, 72, former deputy commander of the armored force of the Beijing Military Area Command, wrote 3.4 million words. But when he started he was beginning to learn to read and write.

Xiao joined the Red Army in 1927 at 11 when he was an apprentice to a tailor in Jiangxi Province. On February 6 the following year, his superiors ordered him to write a report on a battle he and his men had just won.

"Then I decided to learn to read and write by keeping a diary," Xiao recalled in an interview with XINHUA.

He fought in 1,365 battles and was wounded on 6 occasions. During wartime, he learned much about China's senior leaders.

There are numerous anecdotes of Chinese leaders, including Mao Zedong, Zhu De, Zhou Enlai, and Deng Xiaoping, he told XINHUA.

On April 9, 1948 he recorded: "Weather fine, the Army arrived at Sunchangdian in Linquan County, Anhui Province, and Deng Xiaoping, full of vigor, played cards with us."

Based on his diaries, Xiao wrote two books, one about the world-famous Long March (1934-35) by the Red Army, and the other about battles in the Agrarian War (1927-37) led by the Chinese Communist Party against the Kuomintang.

He has also provided materials from his diaries for biographies of 7 Chinese senior leaders and 10 generals.

Like the general himself, the diaries survived countless battles. "I saw them as my most precious possessions and I did my utmost to preserve them," Xiao said.

Citing one anecdote, he said, he was caught in a flood when he was crossing a river in Jiaxian County, Shaanxi Province, and he discarded all his belongings in order to avoid losing his diaries.



During the "Cultural Revolution" (1966-1976), some people threatened to confiscate his diaries, which they said "whitewashed" senior Chinese leaders then under persecution. But Premier Zhou Enlai stepped in and stopped that.

On July 1, 1981, the 60th founding anniversary of the Chinese Communist Party, the general donated all his diaries to the Museum of the Chinese Revolution.

**Demobilized Officers Given Government Jobs**  
*OW1207040388 Beijing XINHUA in English*  
0136 GMT 12 Jul 88

[Text] Beijing, July 12 (XINHUA)—Some 452,000 demobilized Army officers have been given jobs in government organizations and enterprises in the past three years, reported the "LIBERATION ARMY DAILY" today.

More than 30,000 combat heroes, disabled officers, pilots and those who used to work on the frontiers, remote islands and submarines have been given preferential treatment in job assignments.

To help these demobilized Army officers adapt to their new conditions, training courses have been sponsored throughout the country.

In addition, 125,000 spouses of the demobilized Army officers were also given new jobs.

The state and governments at all levels have invested one billion yuan to help them settle.

**Taiwan To Allow Entry to Mainlanders for Funerals**  
*HK1107103088 Beijing ZHONGGUO XINWEN SHE*  
in Chinese 0402 GMT 7 Jul 88

[Text] Hong Kong, 7 Jul (ZHONGGUO XINWEN SHE)—Reports from Taiwan say Taiwan's "Executive Yuan" on 5 July made a decision that "applications by mainland compatriots for entry into Taiwan to attend funerals of their spouses and directly related members of their families will be accepted and processed on a case-to-case basis."

According to a report by CHUNG YANG JIH PAO, "a preliminary plan that has been worked out so far will allow those compatriots from the mainland to stay for not longer than 2 months in Taiwan for funerals, provided that they have someone to guarantee they will leave Taiwan by the date when their visas expire."

The same newspaper said: "According to the preliminary idea, with regard to application and processing procedures, those who are to enter Taiwan for funerals must first arrive in a noncommunist controlled area and then apply for an entry visa through their relatives in Taiwan."

**Relaxation of Price Controls Urged**  
*HK1107134188 Beijing RENMIN RIBAO in Chinese*  
11 Jul 88 p 5

[Article by Wang Guiwu (3769 2710 0063): "Relax Price Control and Strengthen Market Management"—passages in boldface as published]

[Text] Recently, the problem of price has become increasingly prominent in our country's economic life. Everyone is talking about this matter. How should we understand and treat this problem which is closely connected with the development of our national economy and people's livelihood? Over the past 10 years, marked achievements have been made in our economic structural reform. It is obvious to all. In the past, when we were carrying out a single item of reform, or partial reform, the problem of price was not prominent. Now the problem has become prominent. This is a new contradiction which will inevitably occur in the course of carrying out an overall and systematic reform. This has demanded that we attach importance to the problem and solve it in a better way. Recently, our central leading comrades have repeatedly stressed that with the profound development of reform, we should place our emphasis on solving the problem of prices. They have also pointed out: economic structural reform in our country has entered a critical stage. In spite of the fact that we must take certain risks, as long as people of the whole country are of one heart and one mind to overcome difficulties arising on the road of progress, we will certainly score a success in reform.

Broadly speaking, the problem of price includes not only the price of physical goods such as means of production and means of subsistence, and so on, but also wages, interest rates, rates of exchange, tax rates of enterprises, and so on. It involves problems in various fields of the national economy including production, circulation, distribution, consumption, construction, and so on. It is also the most sensitive and practical problem in our social and economic life. Therefore, while studying and solving the problem of prices, we should respect the objective economic law, and avoid being swayed by subjective will. We should pay attention to the inherent and organic links inside the national economy, and avoid discussing price for price's sake in an isolated way. Furthermore, we should avoid paying attention to the price of one kind of commodity, or the prices of several kinds of commodities alone without caring about price relations between various kinds of commodities. We should study and solve the problem of price in terms of the operational mechanisms of the entire national economy.

In accordance with the practical experience in our country's economic structural reform in recent years, I think that we should study and make use of objective economic law. While opening up and administering the market well, we should relax price control. Only thus can we straighten out prices so that they will increasingly become reasonable.

**Respecting the Law of Value, and the Law Governing Supply and Demand in Particular [subhead]**

We all know that the law governing supply and demand and the law of value are objective laws in our social and economic life. They are both interrelated and different from each other. In the past, people paid more attention to respecting the law of value. They did not care too much about the law governing supply and demand. Actually, in people's daily life, the market transaction price is, very often, not a value, or a primitive price determined by laws of value, but an actual price determined by the law governing supply and demand.

Reasonable prices, reasonable price parities, and a rational price composition, and so on are formed in the course of market exchange in line with the requirements of the law governing supply and demand. There are tens of thousands kinds of commodities in society. Intense market competition and changes in the supply-demand relationship and prices are not subject to the subjective will of government officials. The more the government controls, the more it is likely to depart from the requirements of the law governing supply and demand. Therefore, while studying the practical problem of price arising in the course of market exchange, we should not only study the law of value, but also lay our emphasis on studying and making use of the law governing supply and demand to formulate our price policy and establish our price management system.

Over a long period in the past, our prices deviated severely from value. Inflation even occurred. The main reason for this was that we were fettered by our rigid systems. There were too many rigid controls over the fixing of commodity prices. We were, therefore, punished because we had violated the law of value, and the law governing supply and demand in particular.

At present, there are two kinds of understanding and methods for solving the problem of rapid price increase. The first is the so-called "intercepting and blocking" method characterized by fixing more unified prices, restricting prices, and so on. The second method is characterized by making use of the law governing supply and demand, establishing and developing markets under the leadership of the government, relaxing price controls, "dredging" and straightening out prices.

The first method has been used for the past several decades, and is still being employed. Practice has proved that this method is full of defects because it violates economic law. Generally speaking, it has caused confusion in prices and exchanges, namely, a confusion in the order of commodity economy. Specifically speaking, the defects are reflected in the following. For example, in state-operated shops which sell goods at the prices set by the state, goods are not available although the prices are announced. "Back-door deals," or informal notes written by the high authorities are needed for the supply of the the relevant goods. Because some commodities are

not profitable, the units concerned are not willing to increase their production. The supply of commodities is thus made even more insufficient. As a result, activities on the black market are rampant, and the prices increase excessively, and the profits flow into the pocket of those "uncles who are engaged in profiteering." What is more serious is that because the two-tier system is implemented with regard to commodity prices, unhealthy trends in social economic life are encouraged, which include corruption, offering bribes, reselling goods for profit, abusing power for private gains, and so on. This has undermined severely the smooth development of the socialist economy and reform.

With regard to the second method, our country has begun employing it. Efforts are also being made to continue to study and develop it. We have gained great practical benefits from gradually relaxing price controls, strengthening market management, and respecting the law of value, and the law of supply and demand. For example, in 1983 the State Council freed the prices of 160 kinds of small commodities. In 1984, the prices of another 350 small commodities were also freed. Governments at various localities also freed the prices of more small commodities. Therefore, in recent years in our country's small commodity markets, there has been a sufficient supply of a rich array of small commodities. Since the early 1980's, some main commodities, which were formerly distributed by the state in a unified way, and whose prices were set by the state, have been freed gradually. The number of products which are distributed by the state, and whose prices are fixed by the state, is being gradually reduced. This has reduced the proportion of resources which are distributed by the state to the total resources of society. As a result, the prices of many kinds of commodities are also freed. This has promoted the development of our commodity economy, and speeded up market prosperity and rapid economic growth. Facts have proved that it is a correct direction of reform to observe objective law, and relax price controls. In the future, we should continue to advance in this direction, and no retrogression is allowed.

**Perfecting the Market Mechanism To Ensure a Transition to a System of Planned Commodity Economy [subhead]**

Last year, the 13th party congress explicitly pointed out: The target of the reform of our economic operation mechanisms is the "state regulating market, and market guiding enterprises." This has shown that we attach importance to the market and that we understand that the market is a link between government and enterprises. If we do as we did in the past, namely, if we only stress strict control over prices at the expense of opening up, management and improvement of the market, this would only impede the profound development of reform.

Relaxing price control, strengthening macroscopic economic regulation and market management are correct measures which mean that we respect objective law, and



attach importance to indirect management. This will be beneficial to promoting economic development, and to fixing reasonable prices. This is also the only way we can follow to turn the rigid product economic pattern into a planned commodity economic pattern.

In order to improve the market mechanism, it is necessary to take the following measures:

1. It is necessary to improve macroscopic economic control to maintain a balance, and to keep the consumption fund, the institutional purchasing power, and the scale of investment under control by legal and administrative means.

Inflation is the root cause of the overall rise in commodity prices. And commodity prices will remain relatively stable so long as the government manages to control the consumption fund, the institutional purchasing power, and the total amount of funds or money issued which are related to the scale of investment.

In 1961, the central authorities managed to stabilize commodity prices after issuing an urgent circular to strictly prohibit the arbitrary issuing of money and to regain the power of issuing money. Since 1986, the central authorities have repeatedly issued directives demanding strict control over the scale of capital construction projects. So the market prices of steel products which are needed by capital construction have been stabilized in the past year or so. The price of 6.5-mm wire rod has declined from the price level between 1,800 and 2,000 yuan per ton recorded 2 years ago to the level of 1,300 to 1,400 Yuan per ton and has now been stabilized. These facts show that an appropriate control over the macroeconomic aggregate demand can help to stabilize the economy and keep down rising prices.

The macroeconomic aggregate demand is just like the palm of the Buddha, while the demand for a specific commodity can be compared to the King of Monkeys who can never jump out of the palm of the Buddha. Given a certain scale of the aggregate demand, the general price level of commodities is not to experience remarkable fluctuation although the prices of some commodities may go up or down according to the law of supply and demand due to varying demand for specific items of commodities. In market competition, the rise and decline in commodity prices can play a role in stimulating or inhibiting production and supply, as well as individual consumers' and enterprises' specific demand. This is a natural effect of the law of supply and demand, which a government can hardly achieve. So the government should not exercise excessive interference in the specific exchange process.

2. It is necessary to improve laws and regulations concerning the market and to strengthen control over the market.

Market competition must observe some rules. Otherwise chaos may arise in the economic life. All economically developed countries have enacted their own laws governing the wholesale market. Who is to run the wholesale market, who is qualified to enter the wholesale market, what procedures one must go through before being admitted into the wholesale market, and so on, must be stipulated by articles of laws. Now that markets under our government's administration should be well organized markets under proper leadership, it is still more necessary to work out a set of sound laws and regulations to harness them, and nobody should be allowed to wantonly join the market competition and to run businesses recklessly. Otherwise competition will cause "formidable chaos." As the old saying goes: "Things will not operate properly without appropriate rules and regulations." We must formulate our own "law governing enterprises involved in the circulation of commodities," "law on wholesale market," and various detailed procedures for implementation of these laws, on the basis of such existing laws as the "enterprise law" and the "bankruptcy law." Only in this way will we be able to maintain good order in the markets. We must abide by sound laws and regulations and curb all kinds of activities that disrupt the order of the socialist commodity economy, such as speculation and profiteering, the practice of forcing others to buy or sell, and the monopoly of the market, supply of goods, and prices. Only in this way will we be able to ensure that our markets will develop properly.

3. It is necessary to introduce a single-price system, namely, the market price system, and to rescind the double-track system regarding prices.

In order to establish and perfect the market mechanism and do away with the disadvantages of the "double-track system" regarding commodity prices, Shijiazhuang City has adopted the measure of "selling goods at standardized prices, turning over profit arising from price difference, lifting restrictions step by step, and expanding the market." This is a recommendable method to facilitate the transition from the product economy to the commodity economy and from the double-track system regarding prices to the market price system. The main reason why this method has failed to be popularized very quickly is because people have failed to adapt to this new idea. First of all, they still have not realized the fact that the present quotas granted according to the existing material allocation plan of the state, in substance, do not represent "goods" any more but "money," in other words, financial subsidies or preferential prices. Second, they always wish to accomplish the transition in one step and they just do not understand the transition from an old structure to a new one is a gradual process from quantitative change to qualitative change. To cite an example, the measure of turning over profit arising from price differences is an interim one to facilitate enterprises to gradually adapt to the market mechanism. And third, these people do not want to make sacrifices for reform and they are not ready to follow the leading

comrades of Shijiazhuang City in willingly "depriving themselves of their own power" or, to put it more precisely, depriving themselves of the rights that are unfavorable to the invigoration of the enterprise and the expansion of the market. Only when all these ideological hang-ups are removed will we be able to step up the implementation of the single-price market mechanism.

**4. It is necessary to improve the planning and design of the overall market structure.**

Every city and town must rationally plan its own overall market structure so that all kinds of markets, first of all the wholesale market and the futures market, will play their due roles. One must be aware that the origin of cities is the need for commodity exchange centers or commodity markets. Other functions of cities as financial, industrial, scientific and technological, and information centers are merely secondary functions that are attributed to them afterward.

Planning and arranging all kinds of markets in a unified way is the due role of a city or town government. For the moment, in many cities, some nonstaple foodstuff markets are administered by the industrial and commercial bureaus while the others are administered by the No 2 commercial bureaus. Such being the case, it will be very difficult to plan and arrange competition in a unified manner and to ensure that commodity prices fully conform with the law of supply and demand. For example, most of the coal produced in Shanxi is supplied to cities in other parts of the country, there is no local centralized coal market either in the coal producing cities or in marketing cities, only some transport and marketing companies subordinate to various separate marketing groups are engaging in blind and covert competition, arbitrarily fixing marketing prices and transport charges on their own. In consequence, the prices vary tremendously, which has aroused many complaints among enterprises.

**5. It is necessary to train qualified market management personnel, improve their quality, and enlarge the contingent of the market management personnel.**

At present, we are building a market mechanism embodying the principle of "the state regulating the market, and the market guiding enterprises." And within such a market mechanism, the market is the link between government and enterprises. However, our market planning work still needs to be strengthened. At present, we only have a small number of market management personnel who are not very well qualified. Therefore, we should adopt various measures to sum up our own experiences in carrying out market management, draw on the experiences of advanced foreign countries, and establish a socialist market theory with Chinese characteristics so that we will be able to improve the quality of our market management personnel and enlarge the contingent of our market management personnel.

**On The Premise of Strengthening Market Management, the Government Should Gradually Reduce Its Control Over Prices and Turn To Control Prices in a More Flexible Way [subhead]**

Since we should respect the law of supply and demand, open up and perfect the market management work, should the government continue to control the commodity prices? The answer is yes. However, the government should also gradually reduce its control over prices and turn to control prices in a more flexible way. The government should impose as few restrictions on prices as possible so that government monopoly over prices can be prevented.

1. The government should only control a small number of products. Since I have already talked about this question before, I do not want to say anything more about it. In one word, the more government control over prices, the more destitute the market will become; The less government control over prices, the more prosperous the market will become. However, on the premise of respecting the law of supply and demand and strengthening market management, the government should still maintain its control over the prices of a small number of commodities which have an important bearing on our national economy and people's livelihood according to its own prediction of the macroeconomic balance. These commodities include grain, edible oil, cotton, energy products, and the products which our country needs to import from foreign countries. The state will mainly use the state enterprises as its instrument in controlling the prices of these products. In so doing, the state will allocate relatively sufficient funds and provide relatively enough goods to the state enterprises to enable them to buy and sell products in large quantities on the market according to the law of supply and demand so as to prevent lawless people from speculating on these products. We have already gained some successful experiences in this respect.

2. The government should control the prices in a flexible way. The prices of a small number of products under the government control should not remain unchanged but should be timely and rationally readjusted in accordance with the changes in the average social cost and the social supply and demand. Such a method is one that respects the law of value and the law of supply and demand. We should not repeat our past practice of "keeping prices unchanged for many years." In the early 1950's, every year, before the spring ploughing, the government announced to the various regions of our country the purchasing prices of grain, cotton, and live pigs. Such a method once played a positive role in guiding production development, regulating the market supply and demand, and stabilizing prices and thus was welcomed by the peasants. I suggest that such a flexible price management method be restored. Such a flexible price management method should be applied not only to the farm products but also to the industrial products.



3. In principle, the government should not arbitrarily decide prices. Deciding prices is a practice which forces one's subjective will onto the objective economic activities. Generally speaking, such a practice violates the law of supply and demand. The method of government deciding prices can only be used as an expedient measure under certain special circumstances. Such a method can only be used as a temporary solution to a given problem but cannot get at the root of the given problem. The implementation of such a method will cause some serious consequences, such as the lack of commodities, the complicated exchange methods, the expansion of the black market, the growing number of government subsidies, and the deterioration of the general mood of the society. Although the subjective wish in government deciding prices is to check pricehikes, such a method violates the objective law, and the actual result of such a method often runs counter to the subjective wish. As a result, the prices on the black market are often higher than the relaxed market prices. Therefore, we must be very cautious in implementing the method of government deciding prices.

**Economist Liu Guoguang Urges Check of Inflation**  
*OW0907081888 Beijing XINHUA in English*  
1137 GMT 8 Jul 88

[Text] Beijing, July 8 (XINHUA)—Chinese economist Liu Guoguang has called for efforts to check inflation to pave the way for the current price reform, the "PEOPLE'S DAILY" reported today.

Liu Guoguang, vice president of the Chinese Academy of Social Sciences, said that last year's price index increased by 7.3 percent over the previous year because primarily of the overissue of currency and bank loans.

The rate of increase in the issue of currency greatly outstripped that in the country's Gross National Product, leading to inflation, Liu said.

On the theory that mild inflation is conducive to economic growth, Liu said that the theory "does not conform to China's actual conditions and therefore should not be accepted blindly."

Liu believed that inflation has more demerits than merits, noting that it can only lead to continuous price increases.

According to Liu, it is necessary to slow down China's economic growth because inflation is caused by the general market demand surpassing the supply.

Liu hoped that the China should try to keep the rate of increase in its GNP at below 7.2 percent and its industrial output value below 10 percent annually in the next few years.

"I think such rates can help the country to attain its goal to quadruple the combined value of its industrial and agricultural output by the end of the century and halt inflation effectively."

Liu urged the enactment of a bank law and a law on the issue of currency as a measure to control inflation.

The National People's Congress, China's highest legislative organ, should supervise the issue of currency, he said.

**Laws on Foreign Economic Activity Strengthened**  
*HK0807145188 Beijing ZHONGGUO XINWEN SHE*  
in Chinese 0755 GMT 29 Jun 88

[Report: "China Is Strengthening Work of Perfecting Legal System Involving Foreign Economic Relations"]

[Text] Beijing, 29 Jun (ZHONGGUO XINWEN SHE)—China's efforts to establish a legal system involving foreign economic activities have resulted in considerable achievements. The key elements are, along with legislation, law enforcement and economic supervision.

Xiao Yongzhen [4682 3057 4176], vice president of the Supreme People's Court and deputy chief judge of its economic division, meeting with people from Japanese economic sectors, expressed the above viewpoint and also revealed many recent developments.

Mr Xiao said, up to now close to 80 items of economic laws and administrative rules and regulations involving foreign economic activities have been promulgated and more than 200 total, if including those foreign-related factors are expected. One-third of the rules and regulations to be made within next 5 years, which run close to 100, are expected to either involve foreign economic activities or concern foreign countries. For instance: foreign trade law, Chinese-foreign joint venture law (revised), commercial inspection law of imports and exports, maritime law, exclusive economic zone and continental shelf laws, copyright law, taxation law on foreign investment enterprise's revenue, banking law, security trade law, bill law, foreign debt administrative law, insurance law, law forbidding illegal competition and monopoly, attorney law, notary law and so on.

With the expansion of the open policy, various disputes involving foreign economic activities have increased. Xiao said, apart from negotiations and conciliation, which are available to Chinese and foreign partners in settlement of their disputes, and if they fail to reach arbitration in default of an arbitration clause in their contracts, they can file a lawsuit to the People's Court as a final means of settling their disputes. In adjudicating disputes in Chinese-foreign economic contracts, the court may employ Chinese law or the law of another country as the party may see fit, except where it is obliged to employ Chinese law. Where it is obligatory to employ Chinese law, which does not as yet have the

prescription relevant to the issue in dispute, international precedents may be employed. Where a difference exists between Chinese law and an international treaty joined by China, the latter is applicable (except for clauses reserved by China).

According to Xiao, China has signed bilateral investment protection agreements with 20 countries; has exchanged documents with the U.S. and Canada on establishing investment insurance and guarantee agreements; has signed agreements with 20 countries to avoid double taxation and prevent tax evasion. China is once again a member of the International Monetary Fund; she is negotiating for the recovery of her status in GATT; has joined the Paris Convention for the protection of industrial property rights recognizes and observes foreign arbitration from New York Convention and international multi-lateral investment guarantee organizations. She is actively studying ways to recover signatory status in the Washington Convention to settle investment disputes among nationals of different countries. Rapid development of internal and external economic activity has doubled economic disputes over the years. The lack of judges is felt more and more acutely. For this Xiao revealed that the central authorities have permitted judiciary departments to increase staff by 55,000. Recruitment will be made through public examination, strict scrutiny and on merit. The judiciary departments are currently undergoing several reform measures aimed at improving the quality of in-service staffers. One is the three-year sparetime political and judiciary university for judiciary cadres nationwide, established in 1985. The second measure is the establishment of the Centre for Training of Senior Judges by the Supreme People's Court and State Education Commission. It furthers the training of senior judges and fosters "applied-type" advance legal specialists. Third, the judiciary departments will institute a two-year education course leading to the "Diploma of Legal (Judiciary) Profession." Personnel exchanges with Belgium, the United State, and Hong Kong, begun two years ago, have also opened another way to train legal personnel.

**Foreign Trade Statistics Show Improvement**  
*OW1007050588 Beijing XINHUA in English 1436*  
*GMT 8 Jul 88*

[Text] Beijing, July 8 (XINHUA)—China's total import and export values topped 43.2 billion U.S. dollars in the first half of this year, 22.4 percent higher than in the same period last year, according to customs figures released today.

The country's exports during that period soared by 26 percent to reach 21.03 billion U.S. dollars, while its imports grew by 19 percent to 22.18 billion U.S. dollars.

China's trade deficit dropped to 1.15 billion U.S. dollars from 1.97 billion during the same period, the figures show. But the real trade deficit is estimated at 910 million U.S. dollars, if the value of no-trade commodities is excluded.

China's exports have enjoyed a steady growth since the beginning of this year as a result of readjusted tariff rates, relaxed foreign trade controls and other government export-encouraging policies.

Some trade analysts here predict that China's trade deficit could be maintained at around two billion U.S. dollars for the whole year since various reform measures will improve the trade situation and provide domestic firms with more incentives for export.

This optimistic view, however, is not shared by some other economists.

They argue that China is unlikely to balance its trade payments in the second half of the year, because imports of expensive commodities like automobiles will grow during that period.

Inflated imports in 1985 resulted in a trade deficit of 14.9 billion U.S. dollars, and the 1986 figure was 12 billion U.S. dollars.

In 1987 China's trade deficit dropped to 3.75 billion U.S. dollars. But, China that year actually achieved a trade surplus of 1.88 billion U.S. dollars, with the import and export values of non-trade commodities deducted, according to the Ministry of Foreign Economic Relations and Trade.

Commodities the respective export value of which exceeds 200 million U.S. dollars include aquatic products, grain, canned food, cotton, coal, crude oil, refined oil, cotton yarn, cotton and polyester-cotton cloth, pure silk and garments.

Exports of higher-value products shot up in the textile industry, which is a pioneer in reforming China's foreign trade structure.

During the January-June period, garments were China's biggest export commodity, with a 1.68 billion U.S. Dollar income from January to June—a 26 percent increase from the same period last year.

Exports of copper and aluminum products, sewing machines, machine tools, bicycles and some household electrical appliances increased considerably.

Meanwhile, imports of raw materials and processed parts have also grown in the past six months.

Those the import value on which exceeded 200 million U.S. dollars each included grain, refined sugar, natural rubber, timber, paper pulp, synthetic fibers, wool, fertilizer, paper and cardboard, steel, machine tools, television tubes and motor vehicles.



Except for steel, paper and cardboard, imports have increased for the rest of these commodities. Steel was China's number one import commodity, but its import value dropped by 20 percent to 1.77 billion U.S. dollars during that period.

**Foreign Currency Controls Eased Further**  
*OW1007143088 Beijing XINHUA in English*  
*0535 GMT 10 Jul 88*

[Text] Beijing, July 10 (XINHUA)—China will further ease foreign currency controls in the case of state-run enterprises and simplify foreign currency management, said a senior official from the State Administration of Exchange Control (SAEC).

These steps are being taken as a major part of the reform of the foreign currency management system.

In the past, because of the shortage of foreign exchange, fairly strict controls were exercised over the spending of foreign currency by state-run enterprises, with restrictions imposed on the way the money could be spent.

Now, with the adoption of the contract responsibility system, these enterprises may retain more foreign currency after they have handed over their planned foreign currency quotas to the government, according to today's "CHINA DAILY".

The government also intends to give greater decision-making power on the approval of the use of foreign currency for SAEC local branch offices. Previously decisions could only be made by headquarters in Beijing.

Meanwhile, China will allow the establishment of foreign bank outlets in some coastal cities. Some foreign banks already have offices in the special economic zones; 13 foreign banks are represented in Shenzhen Special Economic Zone alone.

These banks will help to speed up economic development in these areas by providing loans and overseas marketing information, said SAEC Deputy Director Ling Zheti.

He added that foreign investors need no longer worry about balancing foreign currency in equity and contractual joint ventures and wholly foreign-owned enterprises because China has found ways to cope with this problem in the past few years.

According to reliable sources, foreign currency cannot only be used but can be built up into a surplus in such enterprises in many places including Shanghai, Beijing, Tianjin and Guangdong and Fujian Provinces. By the end of last year, China had absorbed an agreed foreign investment total of 28.8 billion U.S. dollars.

The State Administration of Exchange Control has adopted the following measures to help these enterprises balance their foreign currency:

—Foreign currency subsidies will be given to those foreign investment enterprises which cannot balance their foreign currency because their products are mostly sold within China.

—Foreign-invested enterprises will generally get renminbi while selling on the domestic market, but in some cases and with the SAEC approval, they will be able to obtain foreign currency to help them keep the balance. For these enterprises, the foreign partners should provide advanced technology, key products and high-grade products which are competitive in the international market, or products which China has had to import for a long period. Last year, foreign-invested enterprises collected about 300 million US dollars from domestic sources.

—Foreign investment enterprises, with the approval of the foreign economic and trade departments will be able to compensate for their foreign currency shortfalls by purchasing domestically-made goods and exporting them through foreign partners.

—Foreign partners of Sino-foreign joint ventures, which are unable to balance their foreign currency accounts, can now reinvest in domestic enterprises with their share of profits in renminbi.

—Provinces, municipalities and autonomous regions nationwide will gradually be able to set up foreign currency trading centres in order to improve the investment environment and help foreign investment enterprises to balance their foreign currency. Then all kinds of retained foreign currency in state and foreign investment enterprises can be exchanged at the centres. Foreign investment enterprises will be able to exchange their share of renminbi for foreign currency, which they will be allowed to remit abroad, CHINA DAILY said.

**Import, Export Values Reach New Heights**  
*HK1107123388 Beijing CEI Database in English*  
*11 Jul 88*

[Text] Beijing (CEI)—China's total import and export values topped 43.2 billion U.S. dollars in the first half of this year, 22.4 percent higher than in the same period last year, according to customs figures released here on July 8.

The country's exports during that period soared by 26 percent to reach 21.03 billion U.S. dollars, while its imports grew by 19 percent to 22.18 billion U.S. dollars.

China's trade deficit dropped to 1.15 billion U.S. dollars from 1.97 billion during the same period. But the real trade deficit is estimated at 910 million U.S. dollars, if the value of non-trade commodities is excluded.

During this period, garments were China's biggest export commodity, with a 1.68 billion U.S. dollar income from January to June—a 26 percent increase over the same period last year.

Exports of copper and aluminum products, sewing machines, machine tools, bikes and household electrical appliances increased considerably.

Imports of raw materials and processed parts have also grown in the past six months.

**All Workers To Become Contract Workers**  
*OW0807153888 Beijing XINHUA in English*  
1214 GMT 8 Jul 88

[Text] Beijing, July 8 (XINHUA)—Contract workers have comprised nearly eight percent of China's industrial workforce as a result of the current labor reform designed to improve productivity.

China's state-owned enterprises had enrolled 7.51 million contract workers by the end of last April, an official of the Labor Ministry said here today.

Meanwhile, the life-long job system, or the "iron rice bowl" system, is being reformed among six million permanent workers in 17,000 state-run factories throughout China.

Overall labor restructuring is being tested in factories in Qingdao of Shandong Province, Zhuzhou of Hunan Province, Yancheng of Jiangsu Province and Beijing, the official said.

Under the reform, competition is being introduced to labor management in enterprises, which can fire rule-breaking workers as well as redundant workers.

Meanwhile, workers can resign and find new jobs themselves.

Eventually, all workers will become contract workers, the official said.

But a big problem in the reform is how to dispose of redundant workers, whose number is estimated at 15 million nationwide, according to the official.

Three measures are being taken to solve the problem: creating new jobs through increased production; encouraging elderly, physically weak and disabled workers to retire earlier than the required age; and providing unemployment relief for employees waiting for new jobs.

**Diversification of Economy Progresses**  
*OW1107084488 Beijing XINHUA in English*  
0607 GMT 11 Jul 88

[Text] Beijing, July 11 (XINHUA)—China is diversifying its economy by encouraging sectors under different types of ownership to develop and coexist.

The industrial output value produced by state-owned enterprises has dropped from 83 percent of the country's total annual figure in 1978 to last year's 67 percent with the mushrooming of private, collectively-run and foreign-funded enterprises in recent years, the overseas edition of the "PEOPLE'S DAILY" reported today.

So far, the township enterprises across the country number 15 million and employ 79 million workers. Of these enterprises, 225,000 are private businesses.

Meanwhile, more than 11,000 foreign-funded enterprises involving 22.8 billion U.S. dollars in investment have been constructed.

The paper attributed the rapid increase of non-government-funded enterprises to the adoption of a series of preferential policies and measures.

**Consequences of Private Enterprise Law Viewed**  
*OW1107005588 Beijing XINHUA Domestic Service*  
in Chinese 0731 GMT 28 Jun 88

[By reporter Lu Bin]

[Text] Beijing, 28 Jun (XINHUA)—Ren Zhonglin, director of the State Administration for Industry and Commerce, said: The just promulgated "Provisional Regulations Governing Private Enterprises in the PRC" embodies the policy of developing different types of ownership in the initial stage of socialism, with public ownership remaining predominant. To encourage the development of the private sector of the Chinese economy is not a measure of expediency but a long-term principle.

Ren Zhonglin made the above statement at a press conference on 27 June. He said: In the process of reviving and developing the individual sector of the economy since the 3d Plenary Session of the 11th CPC Central Committee, private enterprises based on wage labor have gradually developed. At present, there are about 225,000 private enterprises in China, employing a total of 3.6 million workers.

Ren Zhonglin outlined the following structure of China's private enterprises:

—About 81 percent of private enterprises are in rural areas, with the number of employees and capital constituting respectively 83 and 84 percent of the total.



—They are mostly devoted to productive businesses requiring relatively intensive labor. According to statistics, 82 percent of private enterprises are engaged in industry, transportation, and the building trades, and the number of their employees and capital constitute 82 and 83 percent respectively of the total.

—In general, their production and management scale are relatively small, averaging 16 workers and 50,000 yuan capital per unit.

Ren Zhonglin pointed out: The emergence and development of private enterprises is an inevitable demand of the expansion of productive forces. The current level of China's productive forces dictates that the structure of ownership should not be a single form and that we should, on condition that public ownership remains predominant, develop different types of ownership, including private ownership. We should encourage the development of all kinds of ownership so long as they can help expand productive forces.

Ren Zhonglin predicted that following the promulgation of the "Provisional Regulations Governing Private Enterprises in the PRC," the private sector of the economy will certainly further develop and play a greater role in the national economy.

**XINHUA Commentary on Rapid Industrial Growth**  
*OW0907063188 Beijing XINHUA in English*  
1447 GMT 7 Jul 88

["Commentary: Higher Speed Turns More Profits"—XINHUA headline]

[Text] Beijing, July 7 (XINHUA)—China has seen a steady and rapid growth in its industrial output in the first half of this year, based on the coordinated development of the enterprises' economic profits and output value.

These achievements have followed the country's efforts to rationalize the industrial and production structures.

According to the State Statistics Bureau, China's gross industrial output value during the first 6 months of this year increased by 17.2 percent over the previous period, which represents a second burst of development over the last 10 years.

The monthly increases include rises in the output of energy, iron and steel, nonferrous metals, and other raw and processed materials.

There was an increase of 12 percent in the production of the power industry and a rise of 10.2 percent in that of iron and steel.

Another characteristic of the industrial production in the first half of this year is the coordinated rise of enterprises' sales and profits taxes.

The boom in profits taxes was more rapid than that of production value in the country's 18 provinces, autonomous regions, and municipalities, and this has brought a boost to the enterprises' fund circulation.

According to economists, one of the major reasons for the rapid development of industrial production was that the contract responsibility system has raised the enterprises' economic efficiency, while adequate preparations for increases in raw and processed materials in the second half of last year provided a guarantee for the success.

Yet, different opinions are held by economists. Some said that the speed of development is basically normal, since profits were also promoted, and development of some coastal cities' industrial production has raised the average speed for the whole country.

Others believe that the overheated development of industrial production has put more strain on energy, raw and semi-finished materials, circulation funds, and communication and transportation facilities.

They also hold that enterprises and consumers will have to put up with more pressure from price hikes and rises of constant product costs, caused by the large-scale increase in the costs of raw and semi-finished materials.

It is deemed impossible for the country to develop its industrial production in the second half of this year at the same speed as in the first half, the experts concur.

**Ye Qing Speaks on Industrial Production**  
*OW0907045488 Beijing XINHUA in English*  
1459 GMT 8 Jul 88

[Text] Beijing, July 8 (XINHUA)—The high industrial growth China has seen in the first half of this year is necessary and "basically normal", taking into account the country's big market demand and reforms of its enterprises.

This was stated by Ye Qing, vice minister of the State Planning Commission, here today when he gave a speech on industrial production.

China's gross industrial output value during the first 6 months of this year increased by 17.2 percent over the same 1987 period, according to the State Statistics Bureau.

Some economists here believe that such a growth rate is overheated and has put a strain on energy, raw and semi-finished materials, funds and transportation facilities.

But Ye pointed out that the growth rate of state-owned enterprises in the period was only 12.8 percent, which is "not that high", but collectively-owned and rural enterprises scored a higher increase of 24.2 percent.

On the other hand, he said, the rise could be mainly attributed to the development in coastal regions. In comparison to the same period last year, according to him, the newly-added industrial output value registered by Guangdong, Shandong, Fujian, and Jiangsu—all coastal provinces—accounted for 41 percent of the national total.

"Had these four developed industrial production at the average national pace," Ye said, "the nation's industrial growth rate in the period would have been 14.6 percent."

But the rapid progress they achieved, he said, was a result of the development strategy for the coastal regions set up by the Central Government earlier this year.

"We should not talk about speed only for the sake of speed without considering the present conditions and economic results. And we should not artificially slow down high industrial growth which yields good results. Nor should we blindly seek rapid growth," the vice minister stressed.

He predicted that the industrial increase rate this year will be the same as that of last year, which registered 14.6 percent, for China will not be able to develop its industrial production in the second half at the same speed as in the first half.

Ye called for more attention to be paid to promoting energy, transportation facilities, and commodities in the second half of this year.

Enterprises, he said, should aim for better economic results by means of reducing production costs, improving product quality, and quickening fund circulation.

#### June Industrial Production in Key Cities HK0807130188 Beijing CEI Database in English 8 Jul 88

[Text] Beijing (CEI)—Following is the June industrial production figures in nine cities which enjoy the status of a province in terms of planning:

Cities	Shenyang	Dalian	Harbin
Output value (100 million yuan)	97.39	69.95	60.78
Rise percentage over last June	9.6	13.5	16.2
Cloth (100 million meter)	0.35	0.87	0.51
Coal (10,000 tons)		246.91	2.18
Power output (100 million kWh)	3.56	11.07	20.68
Steel (10,000 ton)	19.07	23.08	5.05
Chemical fertilizers (10,000 ton)	0.75	6.07	0.24
Cement (10,000 tons)	16.73	120.65	94.11

Cities	Ningbo	Qingdao	Wuhan
Output value (100 million yuan)	70.1	75.17	96.01
Rise percentage over last June	22.4	22.2	12.4
Cloth (100 million meter)	0.91	1.86	2.18
Power output (100 million kWh)	18.72	14.71	17.08
Steel (10,000 ton)	1.60	26.79	241.52
Chemical fertilizers (10,000 ton)	11.26	5.04	3.94
Cement (10,000)	18.16	64.15	55.43

Cities	Guangzhou	Chongqing	Xian
Output value (100 million yuan)	111.29	86.53	50.31
Rise percentage over last June	18.9	20.3	12.4
Cloth (100 million meter)	0.53	1.39	1.43
Coal (10,000 ton)		8.12	850.33
Power output (100 million kWh)	28.03	39.13	10.37
Steel (10,000 ton)	22.54	54.24	12.59
Chemical fertilizers (10,000 ton)	12.05	5.93	2.15
Cement (10,000 ton)	123.2	97.94	15.39

#### Light Industry Output Shows Increase OW1007040488 Beijing XINHUA in English 1226 GMT 7 Jul 88

[Text] Beijing, July 7 (XINHUA)—The output of most light industrial products during the first half of this year increased at different rates over the same period of last year, according to the State Statistics Bureau.

In the first six months the country turned out more than 3.11 million household refrigerators, fulfilling 70.8 percent of the annual plan, and nearly 10.73 million television sets, 74 percent of the year's plan. The production of cameras was 1.26 million, and electric fans, 22.68 million. These four products increased respectively by 86, 23.3, 27.7, and 11 percent over the same period of last year.

China's salt production, which decreased in the first three months of the year, rose in the second quarter. The output of salt during the first six months was 11.70 million tons, 69 percent of the year's quota, an increase of 30.6 percent over the same period of last year.

The country produced 770,000 tons of canned food and over 139,800 tons of dairy products, up by 46.1 and 11.6 percent, respectively, over the first half of 1987. China also saw over 14 percent increases in the production of liquor, beer and plastic goods during the first six months compared with last year.



The output of machine-made paper and paperboard was over 5.36 million tons, a 10.3 percent growth, but the production of newsprint was lower than the figure for the same period of last year.

The country produced fewer bicycles and sewing machines during the first half of this year. The reason was that "some poor quality products have been eliminated in competition, while the famous brand products enjoyed brisk production and markets," said an official from the Ministry of Light Industry.

The output of radios, clocks and washing machines also decreased because of falling demand.

China produced 17.6 percent less sugar during the first six months due to price complications, the official said.

**Light Industry Ministry Reduces Departments**  
*OW0907012688 Beijing XINHUA in English*  
1019 GMT 8 Jul 88

[Text] Beijing, July 8 (XINHUA)—Zeng Xianlin, the minister of light industry, started using new concepts and a new work style today in heading up the recently-restructured ministry.

China's Light Industry Ministry, which is responsible for administering many trades, cut the number of departments within the ministry from 20 to 15, and also reduced ministry staff members by one third, from 936 to 570.

The minister said that "unity, efficiency, honesty and service" should become the spirit of the ministry.

**Joint-Production Airliner Ready for Maiden Flight**  
*OW1207030788 Beijing XINHUA in English 1345*  
GMT 11 Jul 88

[Text] Beijing, July 11 (XINHUA)—China's fourth Shanghai-made MD-82 passenger jetliner will roll off the production line and make its maiden flight tomorrow, McDonnell Douglas President Jim Worsham announced today.

According to Worsham, the new 147-seat jetliner is part of a joint 25-aircraft project between his company and the Shanghai Aircraft Industrial Corporation.

This project is the largest industrial coproduction between China and the United States since the two countries established diplomatic relations in 1979.

"Production is going smoothly and the aircraft will be delivered on schedule," Worsham said, adding 2 more MD-82 aircraft will be delivered during the second half of this year and 7 more will be completed next year.

China's aviation market has great potential, Worsham said, and McDonnell Douglas will not only provide jetliners to China, but also further industrial cooperation and hopes to expand production scale to 25 aircraft between 1985 and 1991.

A contract was signed between China and the United States last week, under which China's aircraft industry will manufacture horizontal stabilizers and aircraft headers for the MD-82 jetliner.

Worsham said his company has developed MD-11 3-engine jetliners for the 1990s, and McDonnell Douglas is negotiating with China's airlines for the purchase of these 405-seat planes.

**Careful Development of Coastal Resources Urged**  
*OW1107050988 Beijing XINHUA in English 0120*  
GMT 11 Jul 88

[Text] Beijing, July 11 (XINHUA)—Experts have advised the government to further tap the country's coastal resources in order to better develop an export-oriented economy in China's coastal areas.

Experts who have been exploring coasts and beaches over the past few years to verify the resources conclude that China's beaches can be converted into at least two million hectares of arable land now and 3.3 million hectares by the end of the century.

"So far, only about one million hectares of beach arable land are utilized," said an expert from the National Bureau of Oceanography who has just returned from a coastal study tour.

The offshore and coastal areas are also rich in oil, natural gas, salt and other minerals. And many more coastal areas can be developed into ports, he said.

He called on local governments to cooperate with the Central Government in tapping these resources for a rapid development of the coastal areas.

However, he also warned of damage to the coastal ecology if development is carried out recklessly.

Therefore, he stressed the need to start with a unified plan and scientific feasibility assessment.

The experts also urged the state to improve the old and enact new regulations on the exploration of its offshore and coastal resources and on the granting of more preferential treatment and policies to those who invest in the exploration.

**State Council Invests in Xinjiang Cotton, Sugar**  
*HK0907011388 Urumqi Xinjiang Regional Service*  
*in Mandarin 0000 GMT 9 Jul 88*

[Text] The State Council has decided to designate Xinjiang as a key area for cotton and sugarbeet development. During the 3 years from 1988 to 1990, the State Council will invest 270 million yuan in building up cotton and sugarbeet bases in the region.

An agreement on this project was signed in Beijing at 1500 on 8 July. Present at the ceremony were State Council Vice Premier Tian Jiyun, State Council Secretary General Chen Junsheng, Minister of Agriculture He Kang, Vice Minister of Finance Xiang Huaicheng, Xinjiang Regional Government Chairman Tomur Dawamat and Vice Chairman Huang Baozhang, and Xinjiang Production and Construction Corps Commander Liu Shuangquan. He Kang, Xiang Huaicheng, and Tomur Dawamat signed the agreement.

After this plan for building up cotton and sugarbeet bases is completed in 1995, Xinjiang's cotton output will double and sugarbeet output will increase six-fold compared with the 1987 figure.

The agreement includes four preferential policies. One of them provides that newly-reclaimed farmland will be exempt from agricultural tax for 5 years, beginning in the second year. The state will continue to invest in large water conservancy projects. To support the building of Xinjiang's cotton and sugarbeet bases, the state departments concerned will provide special care, according to the conditions, in supplies of chemical fertilizer, plastic sheeting, pesticides, and diesel fuel.

To strengthen organizational leadership over the building of the cotton and sugarbeet production bases, the region has established a leadership group for the work, headed by Chairman Tomur Dawamat.

**Central Bank Issues International Credit Card**  
*OW0907055188 Beijing XINHUA in English*  
*1145 GMT 8 Jul 88*

[Text] Beijing, July 8 (XINHUA)—From today on, the Bank of China (BOC) will issue the "Great Wall Mastercard" designated in foreign currency to Chinese and foreign corporations and individuals.

This card, the first of its kind in China, can be used in over 5.4 million shops, hotels, and other commercial establishments in 167 countries and regions around the world, so long as they are clients of the U.S.-based Mastercard International, BOC officials said.

Those eligible for the Great Wall Mastercard in foreign currency include China-based offices of overseas enterprises and institutions, enterprises involving both Chinese and foreign investment, foreign personnel working

in China, and Chinese going abroad on business, as well as local residents with foreign currency income from legal sources, the officials said.

BOC and Mastercard International opened a global satellite communications network between BOC's Beijing headquarters and the headquarters of Mastercard International in St. Louis, Mo., last month for the operation of the new card.

Credit cards first emerged in China in 1981 after BOC agreed to act as an agent for Mastercards issued by the Hong Kong and Shanghai Banking Corporation and the Bank of East Asia. Now BOC handles seven overseas credit cards—Mastercard, Visa Card, Diners Card, American Express, Federal Card, JCB Card, and Million Card.

BOC began to issue its own credit card—The Great Wall Card designated in Chinese currency—in 1986. Issued by 44 branches and sub-branches of the bank, the card can be used in over 1,800 Chinese shops and hotels, and can also be used to draw cash.

To apply for either of the two kinds of cards issued by BOC, in local or foreign currency, one must have an account with the bank. Overdrafts are, in principle, not allowed.

**Regulations To Protect Working Women Drafted**  
*HK0907030088 Beijing CHINA DAILY in English*  
*9 Jul 88 p 1*

[By staff reporter Guo Zhongshi]

[Text] The first comprehensive set of regulations to protect women workers has just been drafted.

The women workers labour protection regulations have been drawn up to provide legal protection for the health and safety of the country's large female working force.

The regulations, drafted by the former Ministry of Labour and Personnel, the Ministry of Public Health, All-China Trade Union and All-China Women's Federation over the last nine years, are an attempt to regularize the existing complex regulations.

They will provide better conditions and longer paid leave than before for all women office and enterprise workers who are in their menstruation, pregnancy, or maternity and nursing period.

Part of the country's attempt to step up legal construction, the new regulations were drafted after wide-ranging surveys conducted in more than 2,600 enterprises. There was also careful study of the various rules randomly issued in the past by the State in this field, CHINA DAILY learned from the newly-established Ministry of Labour.



The regulations, which have passed examination and gained approval in principle from the State Council, will soon be issued to go into effect. Women workers have the right to refuse to do work unfit for their health if assigned to them by their leaders.

In order to prevent discrimination against women on physical grounds, the new regulations also contain clear stipulations that all working units suitable for women workers should not reject female job applicant on any pretext.

An official at the Minister of Public Health told CHINA DAILY that the regulations extend paid maternity leave from 56 to 90 days, provide one year maternity leave and detailed stipulations on the rest period and treatment for women workers in their pregnancy or after abortion.

The new rules stipulate the kind of work and labour intensity unsuited to female workers. No work units should reduce payments or discontinue their contracts with women workers who are in the period of menstruation, pregnancy, or maternity and nursing.

Women should not be employed in highly intensive labour jobs such as mining and water operation in the leather making industries, the regulations say.

Further detailed rules are still being drawn up by the Ministry of Labour and are expected to be issued later this year.

An official responsible for the drafting of the regulations said it is highly necessary for China to have such a complete rule so as to protect workers' legal rights, solve the special difficulties they have in their work, provide them with satisfactory working conditions and keep them in good health.

**Labor Ministry Urges Stronger Child Labor Laws**  
*OW1007080188 Beijing XINHUA in English 0531 GMT 10 Jul 88*

[Text] Beijing, July 10 (XINHUA)—The Ministry of Labor called on the whole society to take strong and effective measures to stop the employment of child laborers in China's rural industry, today's PEOPLE'S DAILY reported.

The country's leading paper quoted a spokesman for the Ministry of Labor as saying the number of child laborers is going up as compared with last year.

Child laborers account for 10 percent of the total employees in some rural enterprises and in a few cases, they account for 20 percent, and the percentage of girls is very high, the spokesman said.

The spokesman noted that the employment of child laborers has affected children not only physically and mentally but also brought impact on China's education as more and more middle and primary school children have discontinued their schooling.

According to China's employment policy, people employed must be at the age of 16 and above, and organizations and individuals are forbidden to employ child laborers.

The spokesman urged the whole society to take strong and effective measures to stop hiring child laborers. Employment policy must be strictly carried out and efforts be made to publicize the nine-year compulsory education, he said.

A circular on forbidding hiring child laborers is now being prepared by the Ministry of Labor and the State Education Commission and other government departments and it will soon be issued, the spokesman said.

**Science, Technology Consultant Network Set Up**  
*OW0807180888 Beijing XINHUA Domestic Service in Chinese 1524 GMT 28 Jun 88*

[By reporter Zhao Mingliang]

[Text] Beijing, 28 Jun (XINHUA)—An "Enterprise and Science and Technology Consultant Network," jointly set up by seven organizations under the State Science and Technology Commission and the Commission of Science, Technology, and Industry for National Defense, was inaugurated in Beijing today. People here describe it as the most powerful and capable "matchmaker" between enterprises and the scientific and technological circles.

It is reported that the founders of the network include the Spark Program Office and the Scientific and Technological Achievements Management Office under the State Science and Technology Commission, the Institute of Scientific and Technological Information of China, the China National Defense Scientific and Technological Information Center, the Document Service Center of the State Patent Bureau, the "Spark Cup" Creation and Invention Contest Office of KEJI RIBAO [Science and Technology Daily], the China Technological and Economic Information Consultant Company and some Japanese, West German, Italian, and Hong Kong enterprises.

The purpose of the consultant network is to strengthen the state "Spark Program," promote close cooperation between the scientific and technological circles and enterprises, and promote the development of an export-oriented economy in all localities. The network has rich technological and economic information resources, advanced audio-video, microfilm, and facsimile equipment, and the means to communicate with international computer networks. It can promote a comprehensive

cooperation between Chinese and foreign enterprises in the scientific and technological and economic fields, assist enterprises in importing and using advanced foreign technologies and in developing new products. At the same time, it can accelerate the commercialization of scientific and technological achievements made by scientific research organizations.

It is reported that nearly 500 Chinese and foreign organizations have participated in using the service of the network. They include some large state-owned enterprises such as the Shoudu Iron and Steel Corporation and the No.2 Motor Vehicle Plant, some village and town enterprises, and some scientific research organizations of varying sizes and at varying levels.

**Minister Announces Livestock Production Increase**  
*OW1207054388 Beijing XINHUA in English*  
1438 GMT 11 Jul 88

[Text] Beijing, July 11 (XINHUA)—Animal husbandry and sideline production registered all-round increases and the sales of such products were stable in the first half of this year, said Liu Jiang, vice minister of Agriculture.

In a recent interview with XINHUA, Liu said that compared with the same period last year, the number of cattle and sheep increased by 1.6 percent and 6.3 percent, respectively, milk production by 12 percent, and eggs by 7.2 percent.

The number of live pigs for the market in the first half of the year was a 1.3 percent increase over the same period last year, Liu said.

Aquatic production in the first half of this year reached 3.67 million tons, 3.7 percent more than in the same period of last year.

Liu attributed these encouraging statistics to the enlightened policies of the central and local governments, the establishment of livestock and sideline production bases, and the adjustment of nonstaple food prices.

Liu said the development of sideline production has greatly eased the shortage of nonstaple foodstuffs which arose last year.

In the first half of this year, sales of beef, mutton, poultry, rabbit meat, and milk increased, while that of pork was slightly down due to price rises, Liu added.

**Grain Purchases, Sales Reform Pioneered**  
*OW1207101988 Beijing XINHUA in English*  
0532 GMT 12 Jul 88

[Text] Beijing, July 12 (XINHUA)—Parts of Chinese provinces and some cities have pioneered a reform of grain purchases and sale since last April, today's PEOPLE'S DAILY (overseas edition) reported.

The reform, though different in specific areas, is aimed at harmonizing the interests of producers, consumers, managers, processors and the state in grain production, the paper reported.

As part of the reform conducted in Shanxi, Guangdong and Fujian Provinces, and Xinxiang City, Henan Province, and Yulin City, Guangxi Province, the amount of grain sold at originally fixed prices has been cut or the prices have been raised.

Some governments have extended price subsidies or raised prices when purchasing the grain.

Panic buying of grain had occurred in some areas, the paper reported, but it was soon curbed by the governments' tightened control over market regulation and administration, and the increased storage of grain by grain departments, according to the paper.

**Paper Notes Farm Problems Needing Solution**  
*OW1207092088 Beijing XINHUA in English*  
0606 GMT 12 Jul 88

[Text] Beijing, July 12 (XINHUA)—China's rural reform has gone ahead rapidly yet there are problems crying out for solution, according to today's "ECONOMIC INFORMATION", a Beijing-based national newspaper.

An article in today's paper said that in some better-developed areas, most farmers have shifted to non-farming industries. They are no longer interested in sweating in their contracted plots and making low profits compared with other lines of business.

As a result, much contracted land has been left waste or poorly cultivated while many farmers willing to cultivate more land are unable to do so.

This has checked both local farming and rural industries, the article said, calling this a "candle burning at both ends."

The article cited an example in Gaojiadian Township, Hebei Province, where over 70 percent of the labor force is engaged in the mining industry. "During the busy farming season, they have to halt their mining work. Consequently, they produce poor results in both mining and farming."

The article urges the state to offer more preferential policies so that farmers are willing to produce grains and harvest better crops.

To guarantee farm production, optimum-scale production should be introduced. "In this way, the more competent farmers will be able to make more money and produce more grain from limited land they have contracted," the article said.



Yet the article also said that large-scale production will certainly be a failure if it is introduced through harsh administrative orders against the will of the farmers.

**Professors, Students Offer Services to Farmers**  
*OW1207035788 Beijing XINHUA in English*  
0122 GMT 12 Jul 88

[Text] Beijing, July 12 (XINHUA)—Over 150 professors and associate professors from Beijing Agricultural University have gone to central and east China to offer technical help to farmers, the "GUANGMING DAILY" reported today.

The professors, together with a few hundred of their students, have worked on 1.60 million hectares of farmland in five provinces and municipalities including Hebei, Shandong, Henan, Jiangsu and Anhui Provinces, and Beijing and Tianjin to spread advanced techniques among farmers, the paper reported.

The area, mainly on the plain of the Yellow and Huai Rivers, has about one sixth of the country's arable land including about 13 million hectares of low-yield land waiting to be fully tapped.

The teaching faculty and students, graduates and undergraduates from the university began to offer their help in the area in 1973, the paper reported.

The professors and students have also helped train agricultural technicians, effectively linking theory with practice and applying their research achievements to production, the paper said.

**Measures Taken To Protect Arable Land**  
*HK0907032688 Beijing CHINA DAILY in English*  
9 Jul 88 p 3

[By staff reporter Hu Sigang]

[Text] The Chinese Government will take measures to curb the loss of arable farmland resulting from the rapid increase in production of clay bricks in the past few years.

Presently, the country is losing arable land at a rate of about 3,400 hectares a year, much of it going into the making of bricks. If the situation is not changed, a total of about 40,000 hectares of farmland will be gnawed away in the next decade.

A total of 380 billion bricks were manufactured last year in China, of which only 10 percent were made from cement and masonry elements.

The situation of arable land loss is more serious in the country's plain areas. Statistics show that 65.5 percent of the arable land that has been destroyed was in the cities of Tianjin and Beijing and provinces of Hebei, Henan, Shandong, Anhui and Jiangsu.

In Tianjin, for example, approximately 100 million bricks are manufactured at the cost of 4.4 hectares of arable land.

The production of earth bricks also consumes much coal. An investigation made in 1986 shows that more than 47 million tons of coal, or 52 percent of the country's total coal consumption in building material production, were consumed for manufacturing clay bricks.

Wang Yanmou, Deputy Director of the State Administration of Building Materials Industry, said the State encourages the development of the production of concrete blocks to curb manufacturing of earth bricks. The measures will vary in different places in the light of local conditions.

In Shanghai, Hebei and Shandong, taxes will be collected from those who dig earth on arable land for producing bricks. Applications for registration are required before a brickyard or a kiln opens, according to Wang.

In Xian of Shaanxi Province, and Jiaozuo City of Henan Province, taxes will be levied on people who purchase earth bricks, 2 fen on each piece. Nearly 100,000 brickyards or brick kilns are located across the country. About 90 percent of them are collectively run by townships and villages, which use very simple tools.

With the boom of producers, overproduction has led to surplus of clay bricks. Many township and village brickyards and brick kilns, therefore, have adopted unfair means to sell their products. As a result, some of those run by the State, no match for the private or collectively run ones, went bankrupt.

The production and use of concrete blocks started in the late 1950s. The reasons the concrete masonry industry has not been developed in the country are: producing clay bricks uses simpler methods, some believe it to be easier to use clay bricks in construction than blocks; and proper technology to produce satisfactory blocks does not exist, according to Wang.

The administration is cooperating with the Ministry of Construction to work out standards of blocks for the reference of architects. The country has so far imported four concrete block production lines, which are installed in Hefei, Feixi, Dongwan and Xian.

Some foreign concrete products machinery manufacturers, such as Besser Company of the United States, have held seminars in China to publicize their products.

But it will be impossible for the country to import very expensive machinery, according to Deputy Director Wang. The machinery that is made simply on the basis of that installed in the Feixi plant in Anhui Province will be spread among the majority of the country's building material producers. The machinery used in the Feixi plant was imported from Spain, according to Wang.

**Yellow River Course Stable for '30-50 Years'**  
*HK0907033688 Beijing CHINA DAILY in English*  
9 Jul 88 p 3

[By staff reporter]

[Text] The current course in which the Yellow River—"China's sorrow"—empties into the sea can be expected to be stabilized for 30 to 50 years, experts said yesterday in the overseas edition of PEOPLE'S DAILY.

The Yellow River is China's second largest river. Rising in Qinghai Province in West China, the river winds to the east, covering 5,500 kilometres through nine provinces, draining an area of about 750,000 square kilometres.

The exceptionally high silt content of the Yellow River has made the river so well known, experts said. Calculations show that a cubic metre of water contains 37.5 kilograms of silt, the highest among the great rivers of the world.

Statistics reveal that each year the volume of water pouring into the sea is about 50 billion cubic metres, while the amount of silt carried downstream is as much as 1.6 billion tons. If the silt were to be transported, 1.1 million 4-ton trucks carrying one load a day for one year would be required to remove it.

About 90 percent of the silt comes from the Loess Plateau, a 570,000-square-metre area in Northwest China that suffers from serious soil erosion.

When the river current slows at the lower reaches, more than one-quarter of the silt sinks to the riverbed, raising it 10 centimetres annually.

A fantastic phenomenon is thus formed: the lower section has become a "suspended river," running 3 to more than 10 metres above the areas along its courses, experts said.

Once the situation reached the limit of the river's dikes and dams, the river usually overflowed its banks and changed its course of flowing into the sea, experts said. The "suspended river" in the Yellow River Delta changed its course once every 10 years on the average before 1976.

In 1976, a man-made course of the Yellow River was successfully completed by the country's government and it is used to dredge the river flowing into the sea. The course has been used for 12 years without accidents since then.

According to the periodic change of the Yellow River's course in the past, it is time again for the river's course leading to the sea to be changed naturally.

But, experts found in their recent inspection that the conditions of the river's course were stable and the stability could be maintained for 30 to 50 years from now.

Meanwhile, experts said the stability of the river's course would have great significance for the future development of the Yellow River Delta.



### East Region

**New Anhui City of Huangshan Established**  
*OW1007214288 Beijing XINHUA in English*  
1347 GMT 10 Jul 88

[Text] Hefei, July 10 (XINHUA)—A new city has been set up in the area of Mount Huangshan, China's major scenic spot, with the approval of the State Council to improve service and boost the local tourist industry.

The government of Huangshan City, Anhui Province, was formed yesterday with Ji Jiahong elected mayor.

The city will strive for an all-round development with tourism as its major industry. Emphasis will be laid on capital construction and preferential terms will be offered to both Chinese and foreign investors.

Mount Huangshan, described by noted traveller Xu Xiake of the Ming Dynasty (1368-1644) as the loveliest of all China's famous mountains, boasts 72 peaks, two lakes, three waterfalls and 24 streams, featuring spectacular rocks, pine trees and hot springs.

It is estimated that the city's efforts will be able to increase the number of tourist nights from last year's 4.21 million to 6.78 million in the next few years.

**Jiangsu Aids Economic Development of Poorer Areas**  
*OW1107114388 Beijing XINHUA in English 0740 GMT*  
11 Jul 88

[Text] Beijing, July 11 (XINHUA)—East China's economically developed Jiangsu Province is aiding the economic development of other, poorer areas of the country.

Over the past two years the province has signed 1,000 contracts on technological cooperation and countertrade with the provinces of Gansu and Qinghai and the Autonomous Regions of Ningxia and Xinjiang in the northwest, and southwestern Guangxi Autonomous Region.

The contracts have represented a total investment of 131 million yuan, "PEOPLE'S DAILY" reported today.

The inter-regional economic cooperations have brought prosperity to the coastal areas and accelerated the development of less advantaged areas, the paper said.

**Jiangsu's Yangtze Ethylene Complex Sets Record**  
*OW1007150788 Beijing XINHUA in English 0525*  
GMT 10 Jul 88

[Text] Nanjing, July 10 (XINHUA)—Yangtze Ethylene Complex here in Nanjing, one of China's several large petrochemical projects, has set a record in both safety and operation.

According to statistics, the complex turned out 113,000 tons of ethylene, 53,600 tons of polyethylene, 37,500 tons of polypropylene, 66,300 tons of glycol and 15,900 tons of butadiene in the first six months of this year, easing in a large extent the shortage of supply of these raw materials.

With the construction of the first-phase of 300,000-ton ethylene completed last year, the complex will be able to process three million tons of crude oil into 2.3 million tons of various chemical products when the whole project is completed in 1989.

**Jiangxi's Mao Zhiyong on Productive Forces**  
*OW0807050988 Nanchang JIANGXI RIBAO*  
in Chinese 14 Jun 88 pp 1, 2

[Article by Mao Zhiyong: "Some Views on the Criteria of Productive Forces"—rewritten on the basis of Comrade Mao Zhiyong's speech at the 7 June session of the Jiangxi Provincial CPC Committee Standing Committee]

[Excerpts] As far as the study and discussion of the criteria of productive forces are concerned, the "notice" issued by the provincial party committee has explained quite fully and clearly the significance, purpose, substance, and methods of the study and discussion, as well as the key issues to be resolved and the basic requirements to be met. I hear that the response has been quite favorable and study and discussion have already started in some places. [passage omitted]

I did some reading recently for the purpose of understanding more about the criteria of productive forces. As I read, I also thought about some relevant issues. Today I would like to share with you my superficial understanding and views in four areas:

#### I. Upholding the Criteria of Productive Forces on the Same Level as Upholding Historical Materialism

We all know that one basic viewpoint of the Marxist historical materialism is: Productive forces are the "foundation of the entire history" of humankind, and the ultimate decisive forces of social development. The reason why we have to study and understand this viewpoint is because we have to understand the objective law of our society's historical development, acknowledge the basic role and ultimate decisive force of productive forces in our society's historical development, and understand that whether our society is progressive and our social system is superior must eventually be measured by productive forces, which serve as an objective, material yardstick. China is now at the initial stage of socialism. In order to shake off poverty and undevelopment, we must underscore the criteria of productive forces and, when they are developed, their decisive role in fully manifesting the socialist system's superiority. We have already paid a dear price in this area, and the historical lesson is a profound one. Over a long period before the 3d Plenary Session of the 11th CPC Central

Committee, we talked about socialism, contemplated issues, and did our work in an abstract manner, paying no attention to productive forces. Since we only worried about the purity of production relations, and not the speed of the development of productive forces, and since we only underscored the reaction between production relations and the superstructure, and ignored the decisive role of productive forces, we did a lot of stupid things which impeded the development of productive forces. [passage omitted]

In order to be more conscious and less reckless in handling certain basic issues, such as implementing the party's basic lines and [discussing] the criteria of productive forces, all leading cadres must make an effort to study the basic theories of Marxism, especially the philosophy of Marxism, in order to understand the theories of dialectical materialism and historical materialism. [passage omitted] Comrade Deng Xiaoping pointed out long ago: "We must encourage study, especially the study of philosophy." He also pointed out: "Some people's arguments today are based on superficial phenomena. This is because they know nothing about theory and have no practical experiences. Unless they have a theoretical foundation they cannot correct mistakes, including 'left' and right mistakes." Today, while we underscore the need to uphold the criteria of productive forces, we should also underscore the need that all leading cadres must lay a good foundation of integrating theory with practice. [passage omitted]

## II. The Purpose of Knowing the Criteria of Productive Forces Is To Lay a Solid Ideological Foundation for Accelerating Jiangxi's Economic Development

"Further emancipating our minds and liberating productive forces" is the guidance for our reform and construction as well as the fundamental objective of discussing the criteria of productive forces today. The current situation of reform and construction shows that, in order to proceed, we must solve the question of what criteria to use in judging whether our work is successful and to distinguish right from wrong. If this question is not resolved, we can hardly unify our thinking, emancipate our minds, or enhance reform and construction. [passage omitted]

To bring about further emancipation of the mind through the discussion of the productive forces criterion, I believe we should generally concentrate on the following three matters:

First, we must clarify the task before us and enhance our sense of urgency to speed up the development of the productive forces and the removal of poverty. [passage omitted]

Second, we must be clear about the ways of speeding up the development of the productive forces and acquire new concepts conducive to the development of socialist commodity economy. [passage omitted]

Third, we must be clear about the motive force of social and economic development and enhance a reform-oriented, pioneering, daring spirit. What do we use to promote the development of the productive forces and commodity economy and speed up the modernization? The fundamental force is reform. The Work Report of the 13th CPC Congress specifically points out that "socialist society is a society that advances through reform," and that reform is "a force that pushes all work forward." Only through reform and opening to the outside world can we invigorate our economic and political structures and make them truly conducive to the development of the productive forces and to the modernization. After 9 years of tremendously successful reform, we have entered a crucial stage. The task before us is to consolidate the fruits of reform and take bolder steps to overcome the difficulties. The key to speeding up and deepening reform lies in our leadership at various levels and in the vast numbers of party members and cadres, who must enhance their sense of reform. At present, some of our comrades are in a contradictory state of mind in their approach to the question of reform. They "want and long for reform, but are afraid of the difficulties they will encounter in carrying out the reform." This indicates a lack of Marxist courage and spirit. Reform is a difficult, pioneering undertaking to begin with. Risk and problems are unavoidable. When we suffer setbacks, we need to learn from the experience and mend our ways. On no account should we retreat as soon as we encounter problems. [passage omitted]

## III. Applying the Productive Forces Criterion to the Practical Work of the On-Going Reform and Opening

Having accepted that productive forces is the criterion in our minds, we should uphold this criterion in the practical work of deepening reform and developing the commodity economy. We should use the criterion to deal with the new contradictions and problems facing us and to decide which specific policies, measures, proposals, and methods we should adopt. We should have the courage to practice, explore, and advocate whatever is conducive to the development of the productive forces and to firmly reject, abandon, and eliminate whatever is harmful to their development. To push forward the development of the productive forces, we especially need to uphold the principle of proceeding from reality and creatively carry out our work. We should truly, fully, and successfully implement the policies of the central and other higher authorities, taking into account the conditions of our province, prefectures, cities, or counties. We should open wider to the outside world, adopt more liberal policies domestically, and delegate more power to the lower levels. In short, we should boldly do whatever is conducive to the development of the productive forces.

In using the criterion to guide our reform and opening, we should enhance our awareness and achieve unity of thinking on a number of current key issues and further clarify our basic orientation and way of thinking. For example:



1. We should strive to learn to act according to the law of value and to apply the law as an important lever in stabilizing and developing the economy. We must carry out price reform so that the law of value will play a greater role in our economic life. This is the heart of our efforts to deepen the reform. Our country's existing price system is seriously hampering the development of commodity economy because it does not operate according to the law of value. This old system must be reformed. However, price reform is a very complicated and sensitive issue, affecting the overall situation and the people throughout the country and involving risk in every step. Therefore, while taking bold measures to overcome the difficulties, we must exercise prudence in carrying out price reform. We should not adopt reform measures that go beyond the limit of the people's ability to endure. At the same time, we should adopt comprehensive measures which will help straighten out the price relations, effectively avoid big price fluctuations, and gradually improve the people's livelihood. In the entire process of reform, we must ensure that the policy measures conform with the law of value. We must learn to use the law of value, particularly in dealing with the peasants.

2. Our ideas and measures should be compatible with the "great strategy" so that we can seize the opportunity for Jiangxi's economic development. With regard to the strategy for the coastal areas' economic development, the Jiangxi Provincial CPC Committee and the provincial government have already set forth the principle of "supporting the strategy, following coastal areas' steps and catching up with them." I think this is a timely and correct principle which can serve as the strategy for accelerating Jiangxi's development and rejuvenation. This is because the strategy for the coastal areas is in fact the strategy for the whole country. When this strategy is successfully carried out, coastal areas' economic development certainly will benefit the interior provinces. Since Jiangxi is the neighbor of Guangdong and Fujian, it will benefit more from them than other landlocked provinces, just as the saying goes that "a waterfront pavilion gets the moonlight first." Such being the case, we can do a lot of things about our economy. Of course, market prices and other problems will indeed affect us significantly. Generally speaking, however, coastal areas' opening up is extremely favorable for Jiangxi's economic development. [passage omitted]

3. The ownership structure and the distribution pattern must keep pace with the current level and the development of productive forces so that there will be a new pattern under which we can, on the basis of upholding public ownership and the system of distribution according to work, develop all types of economic ingredients and have all types of distribution. Presently, our media and policies should continue to encourage and promote the development of collective, independent, and private economies. We need not worry about whether the independent and private economies are "socialist" or "capitalist." The reason is simple: The socialist nature of China's economy is fundamentally determined by the

predominant public ownership. In our country today, approximately 98 percent of its economies are public owned. In another word, only 2 percent are independent and private economies. The case of Jiangxi is more or less the same. Apparently, public economies are absolutely predominant over independent and private economies, which have just started to appear. As long as public ownership predominates, the socialist nature of our economy will not change simply because there are more independent and private economies. In fact, these independent and private economies will eventually serve socialism because of the influence of public ownership and its restriction. Facts show that the existence and development of independent and private economies are good for promoting production, enlivening the market, expanding employment, and fulfilling people's various needs; and that they certainly are a necessary and useful supplement to the socialist economy. [passage omitted]

4. Supplementary reforms in various urban sectors should be useful for invigorating enterprises, and achievements in reforms should be reflected by the speed and performance of enterprises' economic development. [passage omitted] To further invigorate our enterprises, there should be internal and external supplementary reforms so that our enterprises can have sound operating mechanisms governing their development and self-control. In an enterprise, the most important reforms are those that streamline the relations between party organs and administrative departments, enable the plant director to take full charge, enable the party committee to firmly and actively exercise its supervision and support the director to exercise full leadership. At the same time, these reforms should be able to introduce competition into the enterprise so that it can expand its contractual, leasing, share-holding, and auctioning operations, and so that it can choose its operator through open bidding and hiring. The objective is to enable an enterprise to be able to operate independently and hold itself responsible for profits and losses. [passage omitted] As for external reforms, they should be those that can give our enterprises greater powers and provide them the market they need. We should do all we can to satisfy their requests. On the one hand, we should differentiate government and enterprise functions, separate government and enterprise operations, and give enterprises all the powers they are entitled to. On the other hand, we should, following the economic principle that "the state regulates the market, and the market guides enterprises," speed up the establishment of markets providing capital, technology, information, labor services, and other essential ingredients of production in order to keep pace with the needs in invigorating our enterprises. To improve enterprises' external environment, it is also very important to restructure the institutions governing planning, investment, fiscal and taxation affairs, banking affairs, and foreign trade.

5. To further perfect the two-layer [individual and collective] rural economy and speed up the development of agricultural resources, we should concentrate on stabilizing the household contractual responsibility system and

promoting development in the following two areas. One is to mobilize all rural families to vigorously develop family business, including farming, breeding, and processing. The potential of family business is still very great. The countryside, including the mountains, rivers, and areas surrounding the houses, offers rich resources besides the production of grain. If millions of peasant families in our province spend more energy in the development of a garden economy, planting more fruit trees, breeding more fish and plant-eating animals, and, where conditions permit, setting up some processing factories, our rural income will rise by a big margin. The other is to strengthen the village-run businesses through the development of rural enterprises. Enterprises, industrial as well as agricultural, operated by towns, villages, or several households together are rural undertakings offering services to family businesses. Compared with family businesses, they are more capable of developing local resources. Experiences in many areas show that the development of the collective business, especially at the village level, helps develop local resources and increase peasants' income. In addition, it helps improve services and reduce the peasants' burden, contributing to the development of closer ties between the cadres and the masses and to the strengthening of political power at the grass-roots level. [passage omitted]

6. We must revitalize Jiangxi's economy through the revitalization of its education and science and technology and, we must promote the development of all of its resources through the development of the intellectual resources. "Science and technology are productive forces." "Workers are the most powerful productive forces." Thus when we stress the productive forces criterion, we are actually stressing the role of science and technology and man. In the final analysis, it is man who creates and develops the productive forces. Man's quality and the level of science and technology in his possession directly affect and determine the level of development of the productive forces. [passage omitted] Thus, from now on we should truly rely on the advances in science and technology and the improvement of the workers' qualities to develop our economy. We should further deepen the reform of the structures of science and technology, education, and culture, establish the main direction of attack in accelerating scientific-technological progress and personnel training, adapt our measures governing science and technology and personnel training to the strategy for economic development in the coastal regions, and adopt more effective measures to arouse the initiative of the scientific-technological personnel and other intellectuals. At the present we should stress the integration of education and science and technology with production, popularize applicable technologies, train more personnel in the applied field, actively create an environment in which capable personnel will distinguish themselves through competition, and create a social atmosphere of respecting, protecting, and promoting capable personnel.

#### IV. Applying the Productive Forces Criterion in All Departments and in All Fields of Work Without Exception

The report of the 13th CPC Congress specifically points out: "Helping to expand the productive forces should become the point of departure in our consideration of all problems, and the basic criterion for judging all our work should be whether it serves that end." It is obvious that the productive forces criterion applies to "all problems" and "all work." In other words, no departments or fields of work can depart from this criterion. This criterion is higher and more important than all other criteria guiding specific work. All other criteria shall conform with the requirement of this fundamental criterion. [passage omitted]

To apply the productive forces criterion in all departments and in all fields of work, an important precondition is for comrades in all departments to truly adopt an overall point of view and consciously use this criterion to guide their work and actions. First, each department must draw up specific work criteria according to the level of development of the productive forces at each period and direct its endeavor toward the development of the economy and the progress of reform and the opening. [passage omitted] Second, each department must correctly recognize and handle well the readjustment of the power structure and the relations between various interests which occur in the course of reform. [passage omitted] Third, each party and government department should strengthen its ideological building, improve its workstyle, and promote the building of the spiritual civilization in our society in the course of applying the productive forces criterion. "Party and government organizations must be honest in the process of developing the economy." This should be the basic requirements on every department in its drive to apply the productive forces criterion. [passage omitted] All departments should think about the overall interest, the masses, and production in everything they do. They should avoid extravagant, wasteful practices and, above all, refrain from using their authority to do business, to seek personal gains, and to do other things that would exert a bad moral influence. From now on, receptions must conform to the principle of simplicity, and construction of reception halls and guesthouses must be controlled strictly. An inventory of all nonproductive projects should be made and all nonessential constructions should be stopped or postponed. All departments, particularly those providing services to the producers and business operators, should conduct investigation and research at the grassroots level, constantly listen to the masses, strive to improve their attitude and service quality, and do a better job to serve production. Units which are not easily accessible to the masses, rude, or unaccommodating, or which do things on the basis of personal relations must overcome the unhealthy practice in the course of applying the productive forces criterion. The most important thing here is that leading cadres at all levels and comrades in the provincial organizations must take the lead in this regard. I believe every one of you can set a good example.



**Shandong CPC Holds City, Prefectural Meeting**  
*SK1007070988 Jinan Shandong Provincial Service*  
*in Mandarin 2200 GMT 5 Jul 88*

[Text] From 3 to 5 July, the provincial party committee held a meeting of city and prefectural party committee secretaries at Jinan's Nanjiao Guesthouse to relay the guidelines of the Ninth Conference of the Political Bureau of the CPC Central Committee, summarize and analyze the province's work in the 1st half of this year, and study and arrange the tasks for the 2d half. The general demand on our province's work for the second half of this year put forward at the meeting was to conscientiously implement the guidelines of the Ninth Conference of the Political Bureau of the CPC Central Committee, proceed from the reality of Shandong to put reform at the center of all our undertakings, pay attention to its implementation and achieve actual results, lose no time in eliminating the difficulties and problems on the road of advancement, achieve greater results in the work in various fields, maintain the favorable trend in the development of the economy and various social undertakings, and comprehensively fulfill the various tasks for this year.

Liang Buting, secretary of the provincial party committee, presided over and addressed the meeting. Lu Maozeng, deputy secretary of the provincial party committee, delivered a speech relaying Comrade Zhao Ziyang's speech given at the Ninth Conference of the Political Bureau of the CPC Central Committee. Jiang Chunyun, deputy secretary of the provincial party committee, spoke on our province's work in the first half of this year and its tasks for the second half on behalf of the provincial party committee. Tan Qinglian, provincial vice governor, gave a report on the situation in conducting study and investigations and developing economic cooperation in eight provinces and municipalities.

The meeting held discussions and solicited opinions from participants on the Shandong Provincial CPC Committee's circular on keeping party and government organs at various levels honest and clean, the provincial party committee and government opinions on further strengthening the lateral economic association between the eastern parts of the province to facilitate the coordinated economic development of the province, and the provincial party committee's decision on strengthening economic cooperation and learning from other provinces and municipalities.

The meeting noted: Since the beginning of this year, party committees and governments at various levels throughout the province have led the masses of party members, cadres and people to conscientiously study and implement the guidelines of the 13th CPC Congress, and the series of major policy decisions of the central authorities. Proceeding from the situation of the province, they have made some fairly substantial movements and steps in guidance to work, and formulated and put into practice a series of realistic policy measures, thus

making a new start, new progress, and new achievements in the economy and various social undertakings throughout the province. The entire political and economic situation has been very good. The rural economy has developed in a sustained manner, a fairly good harvest has been reaped in summer grain, seedlings of autumn crops have grown well in large areas, and an upward trend has emerged in cash crops, forestry, fruit production, animal husbandry, and aquaculture. In the first half of this year, the output value of township enterprises showed a 41.3-percent increase over the corresponding period last year. The growth rate and economic benefit of industrial production increased substantially. It is estimated that the provincial industrial output value in the January-June period will be 25.8 percent greater than in the corresponding period last year in terms of old standards, and will be 30.6 percent greater in terms of new standards. The pattern of investment in fixed assets became more rational, and domestic and foreign trade thrived every day.

The meeting pointed out: A review of the work in the first half of the year showed that our province's political and economic situation was indeed excellent, and its economic development trend was encouraging. However, there were still some difficulties and problems we must not neglect. Agriculture, grain production in particular, encountered many difficulties. Many factors restricting industrial production existed. Market prices were stifled in some cases and were chaotic in others. The progress in purchasing the goods for export was not good enough, and the task to achieve a financial balance remains very arduous.

After conscientiously studying the guidelines of the Ninth Conference of the Political Bureau of the CPC Central Committee, participants in the meeting held: The guidelines of the Ninth Conference of the Political Bureau of the CPC Central Committee totally conform to the reality of our province, and further indicate a road for our future reform and economic work. We should conscientiously implement the guidelines, proceed from the reality of Shandong and lose no time in eliminating the difficulties and problems on our road of advancement and comprehensively fulfill the various tasks for this year.

First, we should successfully carry out rural economic work. With an aim to combat disasters and reap bumper harvests, we should launch a large-scale campaign to increase production in autumn, and strive to keep the annual grain output at the same level as last year's, to achieve new increases in cash crops, forestry, animal husbandry and fisheries, and to develop township enterprises to a fairly substantial extent. We should conscientiously make preparations against various disasters. At present we should adopt effective measures and arouse the masses to combat drought. Meanwhile, we should pay attention to flood control, and make sure that the Huang He and other rivers, reservoirs, and cities tide over the flood season safely.

Second, we should continue to pay close attention to industrial production. The general requirement is to take improvement of economic benefit as the central task and reform as the motive force in improving product quality, increasing variety, and upgrading standards, and ensure simultaneous increases in the growth rate, economic benefit, and sustained strength of industrial production for the entire year. Our province is provided with favorable conditions for accelerating economic development, and its economy has entered the new stage of sustained, stable, and coordinated development. In giving guidance to our work, we should continue to uphold a realistic growth rate and define the targets according to our capacity. We should accelerate and deepen enterprise reform and turn contracts by directors into contracts by all workers. We should organize enterprise groups and associations at a quicker pace, successfully carry out cooperation among enterprises, and form conglomerate superiority.

Third, we should pay close attention to price reform. Commodity prices constitute the first difficulty we should overcome in carrying out reform. The general trend in price reform is to deregulate prices gradually, and abolish the double-track system. The various levels, departments, and units should conscientiously strengthen ideological education, propaganda, and persuasion, and increase the people's capacity to mentally withstand the strains so that they will tide over the difficulty together with the state, and make a success of price reform.

Fourth, we should successfully carry out foreign economic relations and trade. In the second half of the year, our work focus should be shifted to achieving actual results, and we should strive to achieve fairly great development in the foreign export trade, processing and assembling with materials and specifications provided by foreign firms, compensation trade, processing of imported materials, and foreign capital utilization. At present the conspicuous problem affecting our efforts to achieve actual results in opening to the outside world is still responsibility shifting and low work efficiency of departments. All levels and departments should strengthen their sense of reform, and adequately, flexibly and successfully implement the various policies. They should attach more importance to the interests of the whole, take the initiative in coordinating with one another, and eliminate responsibility shifting. They should strengthen the sense of service, change their functions and workstyles, and wholeheartedly serve enterprises, the grass-roots level, and the endeavor of opening up.

Fifth, we should continue the principle of developing Shandong through science and education. At present we should mainly render service to the opening of the eastern part of the province, and the development of the western part. Scientific and technological departments, and technological development units should select some domestic and foreign scientific research achievements

based on the needs of our province's economic development, and apply them widely in large areas as soon as possible. We should organize forces to carry out major scientific and technological tasks, and key technology, and strive to yield results from them at an early date.

Sixth, we should strengthen association and cooperation in and outside the province. 1) We should strengthen the ties between the eastern and the western parts of the province, and establish a new pattern under which the endeavor to open up and that to develop promote each other. 2) We should strengthen the cooperation between our province and the provinces and regions along the Huang He, turn the Shandong Peninsula into a window for the various inland provinces and regions to open to the outside world, render service to the various inland provinces and regions, establish a Huang He basin economic cooperation strip, and successfully carry out the coordinated development of the areas along the Huang He. 3) We should strengthen the cooperation between our province and coastal provinces and municipalities, and establish close economic and technological cooperative relations between them.

Seventh, we should provide a good social environment for reform, opening up, and economic construction. We should further improve the workstyles of party and government organs, strengthen and reform ideological and political work, strengthen democracy and the legal system, consolidate the excellent situation of stability and unity, and strive to establish the new order of a socialist commodity economy.

The meeting stressed: The province will open the fifth party congress in the 3d quarter of the year. It is a major event in the political life of our province. It is hoped that party organizations at various levels will carry out their own work in a down-to-earth manner in line with the requirements of the provincial party committee, and usher in the convocation of the fifth provincial party congress with outstanding achievements.

During plenary discussions, comrade Liang Buting gave opinions on learning from other provinces and municipalities, the economic cooperation between the eastern and the western parts of our province, and keeping party and government organs honest and clean. He said: Successfully handling the relations among open coastal provinces, and between the various inland provinces and the various open coastal provinces and municipalities is an important part of the endeavor to establish a new order of the socialist commodity economy set forth by Comrade Ziyang. We should attach importance to it.

Attending the meeting were Standing Committee members of the provincial party committee, the chairman of the provincial Advisory Commission, the secretary of the provincial Discipline Inspection Commission, responsible persons of the leading party groups of the provincial People's Congress Standing Committee and CPPCC Committee, vicc governors of the provincial



government, secretaries of various city and prefectural party committees, secretaries of the party committees of various large enterprises, and responsible persons of some departments, committees, offices, sections, and bureaus directly under the province.

**Shanghai Scales Down Construction Projects**  
*OW1207035588 Beijing XINHUA in English*  
0108 GMT 12 Jul 88

[Text] Beijing, July 12 (XINHUA)—The Shanghai Municipal Government has scrapped plans for 12 projects not considered absolutely necessary and saved 780 million yuan of state investment.

The 12 projects include a sanatorium for light industry workers, the Jieda Hotel and a number of office buildings and auditoriums which cover a total floor space of 340,000 sq. m, according to today's "PEOPLE'S DAILY".

Together with 19 items which were to have been constructed last year, the city government has rejected 31 projects which amounted to a combined investment of 3.5 billion yuan.

Meanwhile, the local government has worked out a series of measures on the control of the scale of luxury hotels and restaurants.

The decision taken by the municipal government is in line with a circular issued by the State Council, China's highest governing body, the paper reported.

**Zhejiang Secretary Meets Provincial Journalists**  
*OW1007193688 Hangzhou ZHEJIANG RIBAO*  
in Chinese 19 Jun 88 p 1

[By reporter Wang Yu]

[Excerpts] Laughter filled the conference hall of the Zhejiang Provincial CPC Committee compound on the afternoon of 18 June, where Secretary Xue Ju had a cordial meeting with a group of ZHEJIANG RIBAO journalists who had just returned from a tour of China's border areas to gather materials and cover the events there. Xue Ju hailed their tour as a "new Long March" and "pioneering undertaking to improve news reporting by going deep into the realities of life." [passage omitted]

The atmosphere of their meeting was lively. When he learned that the journalists made good friends among the minority nationalities along their way, Comrade Xue Ju smiled and told them that they are "Zhejiang's envoys" and that their tour has strengthened friendship between Zhejiang people and people of fraternal provinces, regions, and municipalities. [passage omitted]

**Central-South Region**

**Guangdong To Control Militia Equipment Use**  
*HK1107135288 Guangzhou Guangdong Provincial Service in Mandarin 1030 GMT 9 Jul 88*

[Text] Recently a grenade explosion which wounded five students was reported at (Zaisan) Primary School in Chigang Town, Longchuan County. The Guangdong Provincial Military District issued a circular on the incident, calling on leaders at various levels and departments concerned to really tighten control over the military weapons and equipment of the militia to prevent the occurrence of a similar incident.

According to a fact-finding report, when he was battalion commander of a militia unit, Yan Jincheng, the father of pupil Yan Yamin, stealthily brought home 9 grenades and 25 bullets and hid them in a garret. Out of curiosity, his 9-year-old son took one of the nine grenades to school to play with and consequently there was an explosion.

**Guangxi Meeting Discusses Trade, Enterprise Law**  
*HK1207075288 Nanning Guangxi Regional Service in Mandarin 1030 GMT 11 July 88*

[Excerpt] The regional meeting of prefectural commissioners, mayors and county magistrates ended successfully in Beihai City yesterday. The provincial people's government Vice Chairman Chen Ren presided over the meeting and Chairman Wei Chunshu delivered a closing speech. One of the major aspects of the meeting was foreign trade.

In his closing speech, Chairman Wei Chunshu said: After several days of visits and study and through consultation and dialogue on reforms of the foreign trade structure, participants in the meeting discussed seriously difficulties that the region is facing in foreign trade, and methods of overcoming them. All of them achieved unity of thinking, gained a clearer understanding, rose with force and spirit, and strengthened their resolve to push reforms of the foreign trade structure forward and fulfill this year's quotas for earning foreign exchange through export. He stressed: After the meeting, leaders at various levels should further emancipate their minds and enhance their sense of reform and opening up in accordance with the criterion of developing the productive forces.

Another major aspect of the meeting was focused on implementation of the enterprise law. Chairman Wei Chunshu pointed out: To enforce the enterprise law without delay is an important, urgent task ahead for our region. The key to enforcement of the enterprise law lies in establishing a central position of the director and manager in a factory and separating the functions of the party from those of administrative departments. Seeing that most enterprises in our region are small and medium sized ones and in accordance with the spirit of the central circular on enforcement of the enterprise law,

the meeting advocated that party member directors of a factory is concurrently secretary of the factory party committee. At the same time, the factory can have a full-time deputy secretary of the party committee, who can concurrently be chairman of a trade union. The party member workshop head can also be party branch secretary of the workshop. [passage omitted]

**Hainan Officials Help Units Solve Problems**  
*HK1207062688 Haikou Hainan Provincial Service in Mandarin 1000 GMT 11 July 88*

[Excerpts] From 6 to 9 July, principal persons responsible for the Hainan provincial government Liang Xiang and Zhuo Erkang as well as comrades in charge of the departments of trade, industry, finance, tax, agriculture, economic cooperation, civil service, and tourism went to Sanya, Tongda, Qiongzong and other cities and counties to conduct an on-the-spot investigation and work together with grass-roots units and help them iron out difficulties in their work.

During the period, officials of these cities and counties raised 63 problems relating to tourism, exploitation of resources, industrial and agricultural production, improvement of investment climate, import and export, delegation of power, financial affairs, the people's life, and urban construction. Leaders of the departments concerned under the provincial government gave definite answers to 23 of these problems on the spot, agreed to have 15 filed, gave a clear explanation to 5, and disagreed with 20. [passage omitted]

After Liang Xiang, Zhuo Erkang and other leading comrades visited a proposed tourist district in Sanya City and heard a report on the project, they proposed a special discussion on exploitation of tourist resources in Sanya city. On the occasion, Comrade Liang Xiang said: Sanya is rich in resources for developing tourism and will be built into a coastal picturesque city for tourists. The job is tough. We must fully understand the position and role of Sanya city and work out a practical plan. Major projects should be approved by experts and the overall plan be designed in a democratic and scientific way.

Meanwhile, development of energy and telecommunications, construction of Fenghuang Airport and search of new water sources should be stepped up so as to create a favorable investment climate as quickly as possible. Around the key task of developing tourism, we must also expand local food, electronics, light, and handicraft industries as well as township and town enterprises. While developing tourism, we must pay attention to culture, education, public health and training of cadres, strengthen the sense of the commodity economy among vast numbers of cadres, consolidate the contingent of the police to ensure a good social order, and work hard for urban reconstruction, environmental protection and prevention of water pollution. [passage omitted]

**Southwest Region**

**Sichuan, FRG State Sign Friendship Statement**  
*OW0807051888 Beijing XINHUA in English 1510 GMT 7 Jul 88*

[Text] Chengdu, July 7 (XINHUA)—China's Sichuan Province and the state of Nordrhein-Westfalen of Federal Germany will expand their cooperation and forge friendship ties, according to a joint statement signed here today.

The statement was signed by Zhang Haoruo, governor of Sichuan Province and Dr. Johannes Rau, minister-president of the government of Nordrhein-Westfalen.

According to the statement, the two sides will further strengthen their cooperation in the fields of animal husbandry, agriculture, environmental protection, and traffic safety.

Some equipment for Sichuan's Yangping Forage Grass Growing Inspection Center, which has received aid from Nordrhein-Westfalen, was also handed over to the Chinese side here today.

The Federal German guests arrived here from Beijing this morning on a visit.

**Lamas Detained in March During Riots Released**  
*OW1107154988 Beijing XINHUA in English 1530 GMT 11 Jul 88*

[Text] Lhasa, July 11 (XINHUA)—Fifty-two lamas, who were detained during riots in Lhasa on March 5, were released today.

The lamas, all about 20 years old, belong to three major monasteries—Zhebung, Cela and Gandain—and a few are from the Tibet Buddhist Seminary.

The Public Security Office said the lamas storm set fire to shops and restaurants and beat up policemen sent to maintain order outside the Jokhang Monastery on March 5 at the end of the 10-day Grand Summons ceremony. They were taken into custody the same day.

Yuan Chengquan, deputy-director of the Lhasa Bureau of Public Security, said that investigations into the cause of the riot had been completed. Most of the participants, he said, had acted "blindly" in taking part in the riots.

During their detention, he said, the lamas had shown repentance and had helped the police to identify those who had been involved behind the scenes.

"In accordance with the Communist Party's policies, we decided to deal with them leniently although they committed crimes," he said.



He said that investigations were continuing into a few remaining suspects, but he did not give any further details.

In the house of detention, situated in a peaceful courtyard in the suburbs of Lhasa, he said the lamas studied the Constitution and criminal law as well as relevant regulations and decrees.

The lamas' relatives were there to greet them as they were released from the house of detention. All three monasteries had sent cars to take them back.

### North Region

**Beijing Suburban Enterprises Prospering**  
*OW1207003188 Beijing XINHUA in English*  
1445 GMT 9 Jul 88

[Text] Beijing, July 9 (XINHUA)—Fast-developing township enterprises have become the economic mainstay of Shunyi County in the northeast suburbs of Beijing.

The county, with a population of 500,000, has long been known as "the granary of the capital".

But in recent years, it has put to practice new farming methods that have allowed surplus labor to switch to industry.

There are now more than 2,400 factories in the county, 7 times the number of 10 years ago.

The major productions are garments, textiles, printing, food, machinery, chemical, and construction products.

Last year, the factories produced 1.38 billion yuan worth of goods, a figure that was 18.8 times higher than in 1978. This year, the output is expected to reach 1.7 billion yuan.

Industrial production now makes up 80 percent of the county's income.

Nearly 75 percent of the county's 220,000-strong workforce work in factories, Zhang Jingduo, party secretary of the county said.

Many of the workers are former peasants who lack the skills and knowledge needed for their new jobs. So training has become very important, an official from the county's township enterprises bureau said.

About 2,000 experts and technicians from universities and scientific organizations have visited to train workers. And about 20,000 workers have been sent to the city to study management and accounting and get specialized technical training.

Factories have been modernized and have adopted advanced technology. Henancun Garment Factory is the first in the county to produce high grade Western-style clothes.

By 1987, the county had had 138 export-oriented factories, including 12 Sino-foreign joint ventures.

**Beijing Sets Up Grip Gauge Export Group**  
*OW1107081988 Beijing XINHUA in English*  
0621 GMT 11 Jul 88

[Text] Beijing, July 11 (XINHUA)—The Beijing standardized grip gauge export group, combining manufacturing industry with trade, was set up here last week.

Formed from the Beijing Metals and Minerals Import and Export corporation and three gauge plants, the group will have sole responsibility for its own profits and losses.

It will be engaged in the processing of customer-supplied materials, design and compensation trade as well as gauge exports.

Beijing began exporting gauges in 1978, and earned 2.6 million U.S. dollars from such exports last year.

Standardized grip gauges are widely used in the machinery, construction and communications industries.

**Shanxi Private Research Units Yield Results**  
*OW1107120988 Beijing XINHUA in English*  
0533 GMT 11 Jul 88

[Text] Beijing, July 11 (XINHUA)—Most of the 276 scientific and technological research centers and societies run by local people in north China's Shanxi Province have yielded satisfying economic results, the "PEOPLE'S DAILY" reported today.

By the end of June, these economic entities had developed 127 items, of which, 30-odd have already secured patents. The majority of the research findings have been applied in production.

These private and collective research centers were set up with no financial aid from the government and assume sole responsibility for their profits and losses. Many owners are research fellows who have resigned from government research institutions or large state-owned enterprises.

A coal mine computer system, developed by the Taiyuan Computer Technology Corporation, is being used in a dozen coal mines.

An agricultural research institute started by a farmer household has developed 35 new plant species and pesticides. Now 25 of them have been promoted across the country. Moreover, the orders the institute has received for one of its chemical products this year total 11 million yuan.

**Tianjin CPPCC Releases Work Report**  
*SK0907024288 Tianjin TIANJIN RIBAO*  
*in Chinese 1 Jun 88 p 2*

[Work report of the Tianjin Municipal CPPCC Committee delivered by Zhao Jinsheng, vice chairman of the municipal CPPCC committee, at the first session of the eighth municipal CPPCC committee on 14 May: "Hold High the Banners of Socialism and Patriotism, and Strive To Facilitate the Modernization of Tianjin"]

[Excerpts] Fellow members:

Entrusted by the Standing Committee of the Seventh Tianjin Municipal CPPCC Committee, I present a work report to this session for discussion.

**A Review of the Past 5 Years [subhead]**

It has been 5 years since April 1983 when the Seventh Tianjin Municipal CPPCC Committee held its first session. These 5 years represent a period during which profound changes took place in the outlook of our country thanks to the CPC which upheld and developed the line adopted at the 3d plenary session of the 11th party Central Committee and led the people throughout the country in resolutely facilitating overall reform and opening to the outside world. It was also a period during which the people throughout the municipality strived to fulfill the strategic tasks put forward at the 12th party congress, and in opening a new situation in all fields of socialist modernization—a period during which the united front of our municipality was all the more consolidated and vigorously developed and progress and pioneering advancement were achieved in CPPCC work. Over the past 5 years, this committee has held high the two banners of socialism and patriotism, implemented the guidelines for achieving great unity and solidarity, and actively carried out work in various fields to promote reform, opening up, and the two civilizations; to develop socialist democracy; to improve the socialist legal system; to expand the patriotic united front; and to facilitate reunification of the motherland, with the focus on the central tasks of the party and the government.

1. We helped the party and government implement united front policies to arouse the initiative of CPPCC members and people from various circles.

To implement conscientiously the party's various united front policies, mobilize all positive factors, unite with all the forces that can be united, and strive to attain the grand goal put forward at the 12th party congress were

important tasks for the 7th municipal CPPCC Committee. To fulfill this task successfully, this committee established an office in charge of implementing the policies and invited representatives from various democratic parties and people without party affiliation to organize a consulting group for the return of "confiscated" property. This group did a great amount of work in reporting the situations and sorting out, appraising, and returning the property. In October 1983, this committee organized 10 investigation groups to conduct large-scale investigations on how the policies had been implemented toward 453 people outside the party from among members of the National CPPCC Committee and the municipal CPPCC Committee who were living in Tianjin. They also submitted investigation reports to the Tianjin Municipal CPC Committee to reveal the series of problems that concern CPPCC members that had to be solved. [passage omitted]

2. We performed the basic functions of the CPPCC to carry out actively political consultation and democratic supervision.

The CPPCC is a patriotic united front organization comprised of representatives from various democratic parties, mass organizations, and social circles. Its basic functions are to carry out political consultation on major issues that concern major state policies and the people's livelihood and to exercise democratic supervision over implementing the Constitution and laws and the work of state organs. Over the past 5 years, this committee has considered the functions of political consultation and democratic supervision to be its central tasks, treated major issues that concern the national economy and the people's livelihood as an important aspect of consultation, and continuously exerted efforts to make political consultation and democratic supervision regular and systematic work.

The plenary sessions, standing committee meetings, and chairmanship meetings of the CPPCC are important measures in conducting political consultation, and are also important places for patriotic figures from various democratic parties and those without party affiliation to participate in and discuss political affairs. This committee held 6 plenary sessions, 34 Standing Committee meetings, and 46 chairmanship meetings. Its leading comrades attended relevant meetings of the municipal party committee, People's Congress, and government as observers; consulted on and discussed reform, opening up, the two civilizations, the people's livelihood, and other important issues of the state and the municipality; and offered many positive and beneficial opinions and suggestions. [passage omitted]

3. We took advantage of accumulated talented people to serve reform, opening up, and the two civilizations.

Facilitating reform and opening up and striving to serve the four modernizations represented a glorious task for the CPPCC in the new situation and also a new subject



for study in the CPPCC work. Over the past few years, this committee has conducted active practice and beneficial exploration of this task.

An experimental step designed to explore a new way to serve economic construction adopted by this committee was to give play to the role of the CPPCC's multipurpose personnel bank as a whole to emphatically help one county in developing the two civilizations, and gradually expanded the scope of service after experiences were gained. In 1985 it organized a specialized work team to emphatically offer a comprehensive consultation service in various fields in Wuqing County and achieved remarkable results in medical work. [passage omitted]

4. We opened wide channels for contacts to facilitate peaceful reunification.

Realizing reunification of the motherland in line with the principle of "one country and two systems" is one of the three major tasks for the people of our country to fulfill within this century, and also a focus of the patriotic united front work and the CPPCC work. Over the past few years, taking advantage of the characteristics of the CPPCC and CPPCC members' wide contacts, which constitute a favorable condition, centering on the general goal of "reunifying the motherland and revitalizing China," based on the principle of having our feet planted firmly in Tianjin and keeping Hong Kong, Macao, Taiwan, and overseas in view, and emphasizing propaganda and friendly contacts, this committee has carried out multifield, multichannel, multilayered, and multi-formed friendly overseas activities to make contributions toward reunification of the motherland. [passage omitted]

5. We strengthened contacts with district and county CPPCC committees to improve the work of CPPCC organs.

Over the past 5 years, CPPCC organizations at various levels throughout our municipality have achieved new development. In 1984 10 districts and counties newly established their CPPCC organizations, and in 1987 all the CPPCC committees of 18 districts and counties elected new members. Members of district and county CPPCC committees totaled 3,345, more than 400 above 1984. At present, members of the municipal as well as district and county CPPCC committees total more than 4,000, making our municipality's united front even broader and more consolidated. Compared with the previous committees, members of the municipal, as well as district and county CPPCC committees represent broader sections of people. The number of middle-grade and senior intellectuals has increased, the average age of the members has declined, and they are more compatible with the requirements of the four modernizations. A number of cadres with high theoretical and policy levels, practical work experience, and high prestige were transferred to replenish and strengthen the leading forces of CPPCC organizations. [passage omitted]

#### Future Tasks [subhead]

The Seventh Tianjin Municipal CPPCC Committee has accomplished its glorious missions successfully, and the eighth committee will shoulder the heavy historical task of carrying forward the cause and forging ahead into the future. The next 5 years are a key period in which our country, with the guidance of the guidelines of the 13th party congress, will continue to reform and open up, change the old systems with the new, and accelerate realization of the strategy for the economic development of coastal areas. The prospects are bright and the tasks are heavy. We believe that the eighth committee will certainly carry out Tianjin's CPPCC work more successfully. We offer the following suggestions:

1. Study and implement conscientiously the guidelines of the 13th party congress and answer the new questions raised by the CPC Central Committee with concrete deeds.

The 13th CPC congress expounded systematically, for the first time, the theory on the initial stage of socialism and, based on it, put forward the basic line for this historical period and the basic principle for overall reform, thus further indicating the orientation for building socialism with Chinese characteristics. At a tea party for persons outside the party held after the 13th party congress, Comrade Zhao Ziyang pointed out: "What was the significance of the 13th party congress in our united front work? This is a big question worthy of our thorough study." The CPPCC, as a patriotic united front organization, should start by studying and implementing the guidelines of the 13th party congress to study conscientiously its own tasks, and answer satisfactorily the new question raised by the party Central Committee. This is a task of prime importance before us.

Therefore, we should adopt various forms and measures to organize and urge members and people from various circles to study conscientiously and implement the guidelines of the 1st sessions of the 7th NPC and National CPPCC Committee and the 5th Tianjin Municipal CPC Congress, continuously intensify the study of documents of the 13th party congress in line with the reality of the CPPCC work, and guide the CPPCC work with the guidelines of the 13th party congress.

2. Continue to enhance the understanding of the nature, position, and role of the CPPCC, and raise political consultation and democratic supervision to a new level.

The CPPCC is a product of the combination of the Marxist united front theory with the specific practice of our country and a political organization with Chinese characteristics. It has played an important role in our country's socialist revolution and construction. In the historical process to implement the basic line in the initial stage of socialism, the role of the CPPCC should be further strengthened. The report to the 13th party

Congress points out: "The People's Congress system, the system of multiparty cooperation and political consultation under the leadership of the Communist Party, and acting according to the principle of democratic centralism are our characteristics and superiority." This fully affirms the position and role of the CPPCC from the perspective of the socialist political system and the improvement of socialist democratic politics. We should clearly understand the historical tasks shouldered by the CPPCC. Focusing on the basic line and the basic tasks in the initial stage of socialism, CPPCC organizations at various levels throughout the municipality should consider the basic functions of political consultation and democratic supervision to be the center of all their work and fully develop their due role. We should establish necessary systems to make political consultation and democratic supervision our regular and systematic work. [passage omitted]

3. Strive to serve reform, opening up, and the two civilizations, and make new contributions toward building a new socialist Tianjin.

The key to whether or not the CPPCC can make more contributions toward reform, opening up, and the two civilizations lies in whether or not it can give play to the role of the multipurpose personnel bank as a whole. According to the concept of system engineering, the total of the functions of individual parts is smaller than the function of the whole. The CPPCC has the advantage of accumulated talented people and the potential is very great, but far from being fully developed. Therefore, it is suggested that the new committee accelerate establishing files of CPPCC personnel so that it will know well the professional and technological specialties of its members and organize fruitful activities. It should keep the overall situation in view when carrying out work and make policymaking more democratic and scientific. The party Central Committee formulated the strategy for the economic development of coastal areas. This is a major policy decision. To actively assist the party and government to implement the strategy for Tianjin's economic development is an important task for the CPPCC committees at various levels throughout our municipality. We should develop the advantages of the CPPCC to contribute toward developing our municipality's export-oriented economy. Based on the opinions of Comrade Li Ruihuan, secretary of the municipal party committee, in the future we should more successfully facilitate scientific, technological, and educational development. We should render active service to building socialist spiritual civilization; assist the party and government to strengthen the ideological and political work among youths; greatly advocate the new practice of plain living, arduous struggle, and building the country through thrift and hard work; and make due contributions toward stabilizing and developing Tianjin's excellent situation and toward consolidating the political situation of stability and unity.

4. Further launch friendly overseas activities to push the work of the peaceful reunification of the motherland to a new stage.

Reunification of the motherland and revitalization of China is the common desire of the Chinese nation, including Taiwan, Hong Kong, and Macao compatriots and Overseas Chinese. The reunification of the motherland has become an irreversible historical trend. We should hold high the banners of patriotism and unity, conscientiously carry out the CPC Central Committee's principle of "broadening the field of vision, extensively making friends, working out long-term plans, and treating people with all sincerity," adopt various measures to advocate the scientific idea of "one country and two systems," and actively facilitate the cause of reunification of the motherland. For this purpose, we should actively create favorable conditions for carrying out multilateral, multichannel, multilayered and multiformed work toward Taiwan, Hong Kong, and Macao compatriots and Overseas Chinese. [passage omitted]

5. Conscientiously strengthen the CPPCC organizationally and strive to open a new situation in CPPCC work.

To suit the new situation that has continuously developed since the 13th party congress and the new requirements of reform and opening up, the CPPCC should conscientiously strengthen itself organizationally, continuously improve its work, and invigorate its work. In view of the fact that the number of new members is many after the end-of-term election, the various committees of the municipal CPPCC committee should replenish and readjust their bodies correspondingly. We should give better play to the role of work groups, improve motions work, and carry out the work concerning historical data and compilation and translation successfully. We should continue to strengthen contacts with retired older members through proper methods and develop their role. We should strengthen guidance to the work of district and county CPPCC committees, establish the work contact system, and help them solve problems that should be solved. We should further win the guidance of the National CPPCC Committee and develop lateral ties with other provincial and municipal CPPCC committees. We should improve our departments and improve and implement the responsibility and work systems to raise work efficiency. We should intensify the ideological and political work and professional training of our personnel, conduct study of the united front theory, raise our ideological and professional levels, and adopt a new mental outlook characterized by unity, high efficiency, service, and fine workstyles to make the CPPCC work successful.

Fellow members and comrades! The first session of the 8th Tianjin Municipal CPPCC Committee has been held after the 13th party congress, which has epoch-making significance. The grand goal formulated at the 13th party congress represents the common cause of the people of various nationalities throughout the country. For the



CPPCC work, the responsibility is heavy, the road is long, and the prospects are bright. Let us hold high the great banner of building socialism with Chinese characteristics and the great patriotic banner of reunifying the motherland and revitalizing China and, under the leadership of the Tianjin Municipal CPC Committee, unite more closely; exert concerted efforts; go all out to make progress; develop our intelligence, wisdom, and forces; and make contributions toward accelerating Tianjin's reform and construction, promoting the peaceful reunification of the motherland, and building our country into a powerful, rich, democratic, and civilized modern socialist state!

**Tianjin Releases People's Court Work Report**  
*SK1107010088 Tianjin TIANJIN RIBAO*  
*in Chinese 28 May 88 p 6*

[Report on the work of the Tianjin Municipal Higher People's Court, delivered by Wang Yongchen, president of the municipal People's Court, at the 1st session of the 11th municipal People's Congress on 19 May 1988]

[Excerpts] Fellow deputies:

During the tenure of the 10th municipal People's Congress, people's courts at all levels in the municipality have conscientiously performed the functions and duties entrusted to them by the Constitution and the law and have positively tried criminal, civil, and economic cases in line with the resolutions of the municipal People's Congress. During the 5 years from April 1983 to March 1988, people's courts at all levels in Tianjin tried 123,214 of these cases at first, second, and third trials, an increase of 26.17 percent over the number of cases tried during the previous 5 years.

**1. The Trying of Criminal Cases [subhead]**

Over the past 5 years, people's courts at all levels in the municipality have concluded trials for 20,334 criminal cases and sentenced 24,758 criminal offenders. Of these criminal offenders, 33.7 percent have been sentenced to 5 years' imprisonment or longer and 66.3 percent have been sentenced to fewer than 5 years' imprisonment, have been imposed forced labor service under detention, have been put under surveillance, or have been exempt from criminal punishment.

In accordance with the disposition of the municipal party committee, and in line with the decision adopted by the NPC Standing Committee in September 1983, people's courts at all levels have launched the campaign of dealing severe blows to criminal offences which seriously jeopardize public security. Over the past 5 years, by upholding the principle of severely punishing criminals as quickly as possible according to law, people's courts have sentenced 11,633 serious criminal offenders who were guilty of murder, rape, robbery, hooliganism, explosion, arson, and serious stealing. These criminals

made up 47 percent of all sentences imposed on criminals. Ninety-eight percent of the criminals sentenced to death and life imprisonment were guilty of the aforementioned crimes. At the same time, people's courts have tried serious criminal cases in a timely manner. Of the cases they tried, 99.8 percent were concluded within 1 1/2 months.

In line with the principle of severely punishing serious economic crimes according to law, over the past 5 years people's courts at all levels have concluded trials for 4,716 economic crimes involving 6,305 criminals and directly retrieved more than 37 million yuan of economic losses. [passage omitted]

Through several years of effort in struggling against serious economic and other crimes and conducting comprehensive administration over public security, our municipality's public security has improved noticeably, the social order has been basically stable, and the people's sense of security has been enhanced. In our country, however, class struggle will last for a long time to a certain extent; and, because of some domestic and foreign factors, criminal cases will also last for a long time. Such serious cases as robbery, rape, hooliganism, group beatings, and theft have happened frequently; and the hideous phenomena of the old society, which had vanished for a long time have reappeared recently. About 80 percent of the murder and injury cases resulted from the intensified contradictions among the people. In addition, there has been a continuous emergence of such cases as stealing public property, speculation and fraud, embezzlement, bribery, and the manufacture and sale of fake and poor-quality commodities. All of such cases have seriously harmed social security and the people's health and have aroused public indignation. [passage omitted]

**2. The Trying of Civil Cases [subhead]**

Over the past few years, along with the development of the commodity economy, the perfection of the legal system, and the enhancement of the legal sense of the citizens and legal persons, increasingly more citizens have applied the legal means to safeguard their legitimate rights and interests, thus making the scale of civil laws become even greater. Over the past 5 years, people's courts at all levels in the province have accepted 64,616 civil cases, of which, 27.21 percent more civil cases were accepted in 1987 than in 1983. They concluded trials for 63,188 civil cases, of which, 24.8 percent more cases were concluded in 1987 than in 1983. [passage omitted]

Marriage and family cases make up the largest proportion of civil cases. Some 31,349 of the civil cases were divorce cases, accounting for 48.52 percent of the total number of civil cases, ranking first. Meanwhile, alimony cases have also increased, accounting for 6.37 percent of the total number of civil cases. The cases concerning support to spouses and children after divorce have accounted for 2.21 percent, and cases concerning

inheritance have accounted for 3.92 percent. Disputes on gaining legacy have also increased. Cases concerning houses have ranked second and accounted for 13.11 percent of the total number of civil cases. [passage omitted]

### 3. The Trying of Economic Cases [subhead]

Along with the deepening of the economic structural reform, the development of the commodity economy, and the increase in the categories of economic disputes, the number of economic cases has gone up each year. Over the past 5 years, people's courts throughout the municipality have accepted and heard 8,786 economic cases, 2,634 of which were accepted and heard in 1987, showing a 613-percent increase over 1983. Of the total economic cases, 4,322 were disputes about purchasing and selling contracts, ranking first, and accounting for 49.2 percent of the total. [passage omitted] The number of cases concerning disputes about the processing and contracting, cargo transportation, and contracts of construction projects reached 1,415, ranking second in the total number of economic cases. In addition, the municipality has experienced increases in cases concerning disputes about rural contracts, enterprise contracts, leasing contracts, infringement of trademark rights and technological rights, and compensation for losses incurred in foodstuff sanitation and environmental protection.

Shouldering an increasingly heavy task for trying economic cases, people's courts at all levels have improved their ability to handle cases, have conscientiously fostered the sense of serving reform, have applied the law to regulate the relations of new rights and obligations that emerged in different stages of the economic structural reform, and have strived to improve the efficiency in handling cases on the prerequisite of ensuring quality. Over the past 5 years, they concluded trials for 7,897 economic cases, 2,711 of which were concluded in 1987, a 688-percent increase over 1983. Through the trying of cases, 318 million yuan of funds and materials which had lain idle because of economic disputes have been made available in production and circulation in a timely manner. [passage omitted]

Over the past 5 years, the municipal higher and intermediate people's courts have also positively tried 64 economic dispute cases concerning business relations with foreigners and maritime cases. [passage omitted] In trying these cases, people's courts have given equal treatment to Chinese and foreign interested parties and have protected the legitimate rights and interests of Chinese and foreign parties concerned in accordance with PRC law and with international treaties and practices in which our country participates. Some foreign firms have praised our country's judicial departments for providing legal guarantee for legal investment. [passage omitted]

In addition, people's courts at all levels have positively and prudently tried administrative cases. Since 1987 the municipality has established according to law 13 administrative case-trying tribunals at the higher and intermediate people's courts and a part of grass-roots courts and has concluded trials for 110 administrative cases. [passage omitted]

At the same time, in light of the excessive and complicated cases executed by people's courts and in view of the blunted sense of the legal system among the parties concerned, people's courts at all levels throughout the municipality have adopted effective measures to strengthen their executive work. Thus far, grass-roots level people's courts throughout the municipality have all established their executive organs, with 325 executive members, more than 3 times the 46 persons in 1983. [passage omitted]

### 4. Implementation of Policies in Trying Cases and Handling Lawsuits and Petitions From the Masses [subhead]

In accordance with the relevant regulations adopted since the 3d plenary session of the 11th party Central Committee, over the past 5 years, people's courts at all levels in the municipality have continuously and conscientiously implemented policies governing judicial work and have investigated and reinvestigated those political questions left over by history to people's courts, such as the sentences imposed before the "Cultural Revolution" on the persons who revolted and crossed over to our side, relatives of Overseas Chinese, our countrymen residing abroad, people of minority nationalities, and intellectuals. Over the past 5 years, people's courts concluded trials for 13,580 cases of this kind, of which, sentences for 561 cases were changed, accounting for 4.13 percent of the total. [passage omitted]

At the same time, people's courts at all levels in the province have conscientiously heard and handled lawsuits of various kinds and handled various letters and visits from the masses. They have also strengthened the petition and appeal organs. [passage omitted]

### 5. Strengthening Professional Guidance and Adjudication Supervision to Lower-Level People's Courts [subhead]

Over the past 5 years, the municipal Higher People's Court has drawn a lesson from the problems and typical cases analyzed and investigated by it in line with the system on investigating of cases and by combining self-investigation with mutual investigations and combining ordinary spot examinations with regular examinations. The municipal Higher People's Court has also used these problems and typical cases to educate judicial officers and 4 times has sent working groups to grass-roots courts in order to learn about their situation, help them handle cases, and sum up experiences. [passage omitted]

### 6. Self-construction of People's Courts [subhead]



Over the past 5 years, the political quality of the ranks of people's courts has improved. People's courts at all levels have always attached importance to ideological and political work and have conducted education among cadres and policemen on lofty ideals, moral integrity, the sense of discipline, and the four cardinal principles. [passage omitted] During this period, a total of 1,694 cadres and policemen of people's courts at all levels in the municipality have been awarded for meritorious service. [passage omitted] Meanwhile, 60 cadres and policemen of people's courts have been punished according to party and administrative discipline for violating laws and discipline, and 4 have been punished severely according to law for committing crimes in executing laws.

Over the past 5 years, the professional expertise of the ranks of people's courts has also been improved. People's courts at all levels have paid attention to intellectual investment and have sponsored on 15 occasions short-term professional training classes or lecture courses on "Criminal Law," the "General Rules of Civil Law," and the "Law on Economic Contracts," which were attended by 3,800 persons. [passage omitted] Thus far, 666 comrades working for people's courts in the municipality have received university education or higher, accounting for 23.56 percent of the total, or a 10.06-percent increase over the 1983 figure of 13.5 percent.

People's courts at all levels have also vigorously strengthened the basic work at the grass-roots level. Thus far, the municipality has established 89 people's tribunals (19 are city tribunals), approximately double the 1983 figure. These people's tribunals now have a total employment of 325 persons, approximately 3 times the figure in 1983. In 1987 the civil cases tried by the people's tribunals in suburban counties accounted for 90 percent of all civil cases tried by the people's courts in suburban counties. Over the past 5 years, people's courts at the grass-roots level and the guidance and mediation committees sent by these courts have mediated and handled more than 200,000 civil disputes.

Over the past 5 years, party committees, people's congresses, and people's governments at all levels have given great support to the work of people's courts at all levels and have provided us with conditions for exercising our judicial functions according to law. For this, I now express my heartfelt gratitude on behalf of all cadres and policemen of people's courts. However, the human, financial, and material resources of people's courts still lag behind the development of the current situation and the demand of increased targets. In particular, the operational expenses of people's courts are insufficient, some grass-roots courts and tribunals are short of offices and trying tribunals, and cadres and policemen of court departments have housing difficulties. We hope that people's deputies, People's Congress standing committees, and governments will show concern over this situation.

Over the past 5 years, people's courts scored some achievements in their work. However, some problems remain in the way of their advance, many shortcomings exist in their work, and some cases have been handled poorly. People's courts must strengthen themselves, reform their work, and solve problems and overcome shortcomings in a step-by-step manner, beginning with the endeavor to improve the expertise of cadres and policemen.

Fellow deputies, people's courts are not only organs of dictatorship but also organs of service. In accordance with the idea of putting reform at the center of all undertakings, people's courts should gear their work to the "one central task and the two basic points"; should attend to their jobs through arduous struggle; should perform their duties honestly and impartially; should enforce the law strictly; should comprehensively strengthen all items of judicial work; and should strive to fulfill the tasks entrusted to them by the Constitution and the law with regard to protecting the people, punishing criminals, promoting reform, and serving the four modernizations.

### Northeast Region

**Heilongjiang Advisory Commission Report Released**  
SK1107032788 Harbin HEILONGJIANG RIBAO  
in Chinese 8 Jun 88 p 3

[Work report of the Heilongjiang Provincial Advisory Commission, given by an unidentified official at the sixth provincial party congress on 31 May 1988]

[Excerpts] I now submit a report on the work of the Heilongjiang Provincial Advisory Commission over the past 5 years to this session for discussion.

#### 1. The Major Work Done Over the Past 5 Years

The party Constitution adopted by the "12th party congress" stipulates that "the party's advisory commissions of provinces, autonomous regions, and cities directly under the jurisdiction of the provincial governments are political assistants and advisers of the party committees of the same level and that they should carry out their work under the leadership of the party committees of their corresponding level." The tasks of the provincial Advisory Commission are to offer suggestions for the provincial party committee to make and implement major policy decisions and to provide consulting services; help the provincial party committee to investigate and handle some major issues; publicize the party's major principles and policies inside and outside the party; and undertake other tasks entrusted by the provincial party committee.

Over the past 5 years, members of the provincial Advisory Commission have made concerted efforts to fulfill the tasks stipulated in the party Constitution under the leadership of the provincial party committee, and have scored fairly good achievements.

A. We actively offered suggestions for implementing the party's principles and policies. In line with the four cardinal principles, and the general policies of reform and opening up, we offered some suggestions concerning some major issues of building the material and spiritual civilizations. [passage omitted]

B. We conscientiously and responsibly undertook the work entrusted by the provincial party committee and the party organizations of some units. First, we participated in guiding the party rectification and verification work. During the 3 years of party rectification work, 11 comrades of the provincial Advisory Commission participated in guiding the work of the provincial Party Rectification Guidance Commission and the important tasks assigned to it, 2 comrades of the Advisory Commission participated in guiding the work to investigate and verify the "three types of persons" in the province, and 1 responsible comrade of the Advisory Commission was entrusted by the Central Party Rectification Guidance Commission to serve as responsible person of Guizhou Province's party rectification liaison group. Comrades of the Advisory Commission did much deep and meticulous work to fulfill the party rectification tasks and responsibility. Second, we participated in the observation tours of leading cadres to various provinces and cities. During the readjustment of party and city leading bodies, and reform of the cadre system, two responsible comrades of the Advisory Commission participated in the experiments in combining prefectures with cities, and two prefectural-and city-level leading bodies' readjustment and observation. One responsible comrade of the Advisory Commission was entrusted by the Central Discipline Inspection Commission and the Organization Department of the party Central Committee to go to Fujian and Qinghai Province to participate in investigating the provincial-level leading bodies and the candidates to be elected to the 13th party Central Committee, and conscientiously fulfilled all cadres investigation tasks. Third, we undertook two long-term tasks entrusted by the State Council and the provincial party committee. [passage omitted] Fourth, we undertook some relevant tasks entrusted by the provincial party committee and government on our province's economic work. [passage omitted] Fifth, we received visits by responsible comrades of the central, various fraternal provincial, and city advisory commissions, exchanged information, and exchanged their work experiences. Sixth, many commission members were also entrusted by the party organizations of their units to fulfill many tasks on investigating and examining some special issues.

C. We participated extensively in social work and actively publicized the party's principles and policies. Many members of the Advisory Commission assumed

some leading posts in mass organizations after they retreated from the first to the second line, and participated in some social activities. [passage omitted]

D. We published many articles, memoirs, and works. Over the past 5 years, veteran comrades of the Advisory Commission have personally supervised, organized, edited, and published more than 10 works with several millions of words, including the "The Situation in Heilongjiang," "The Economy in Northeast China," "Forty Years in Heilongjiang," "Data for Developing Northeast China's Forestry Science and Technology," and "Writings of Emperors of Several Generations." [passage omitted]

E. We strengthened the self-cultivation of the provincial Advisory Commission. Most of the members of the provincial Advisory Commission participated in the whole process of party rectification. The chairman and vice chairman of the provincial Advisory Commission participated in the party rectification group of the Standing Committee of the provincial party committee. Members of the Standing Committee of the Advisory Commission also formed an independent party rectification group. The chairman, vice chairmen, and members of the Standing Committee of the Advisory Commission, after participating in the party rectification study and inspection sponsored by the Standing Committee of the provincial party committee and the Standing Committee of the provincial Advisory Commission, voluntarily gave self-examination reports at the meetings of party members of the party branches of the Advisory Commission organs, and sincerely received criticism and help from party members and the masses. Many veteran comrades set strict demands on themselves during their self-examination, displayed a veteran Communist Party member's firm party spirit and principle, and were highly acclaimed by party members of relevant organs. [passage omitted]

The provincial Advisory Commission was first elected at the fifth congress of the Heilongjiang Provincial CPC Committee on 28 July 1983, and had 46 members. On 5 May 1985, with the approval of the central authorities, the provincial party committee readjusted the leading bodies of the Advisory Commission. Four new members were added to the commission to make the total number reach 50. Over the past 5 years, 2 members of the provincial Advisory Commission were transferred to other localities, 26 retired, and I was elected member of the Central Advisory Commission. During the past 5 years, eight members passed away. They were Geng Zhaogui, Sun Ziyuan, Feng Zhongbin, Liang Chengyi, Gao Heng, Xie Yunqing, Zhang Lin, and Bai Ruyuan. These veteran comrades had undergone China's long revolutionary struggle, fought and worked in Heilongjiang during the second half of their lives and contributed to liberating and developing Heilongjiang. All comrades of the provincial Advisory Commission deeply cherished the memory of them.



During the past 5 years, the provincial Advisory Commission scored certain achievements, which were the main and basic aspects of its work. However, we failed to do sufficient work in certain areas. We offered some suggestions to the provincial party committee and the departments concerned. However, due to our failure in conducting full investigation and study, our opinions and suggestions were not comprehensive. We conducted many investigation and studies, but we failed to deeply study some major problems in a well-organized manner. For a time, the Standing Committee held very few meetings, thus did not give full play to its role as a collective. These deficiencies should be improved in the future.

## 2. Several Points of Basic Experience

The Advisory Commission is a new body with no ready experience for reference. We gained our experience while working. Five years of practice tell us that to carry out the work of the Advisory Commission successfully, we must mainly do the following work:

a. We must put the Advisory Commission in a correct position and persist in carrying out our work under the leadership of the provincial party committee. In line with the stipulations in the party Constitution, the Advisory Commission is a "political assistant and adviser" of the party committee of a corresponding level. Therefore, during its work, it must exercise its "right to give suggestions." [passage omitted]

b. We should support leading bodies' work and consider it as one of the important tasks of the Advisory Commission. Members of the provincial Advisory Commission originally retreated from the leading posts of the provincial-level organs or from departments and bureaus. After working in the Advisory Commission, they are still influential though they have retreated to the second line. During such circumstances, we should consciously support the work of the new leading bodies, and take the lead in studying, publicizing, and conscientiously implementing the party committee's various policy decisions. [passage omitted]

c. We should closely combine the study of the party's principles and policies with investigation and research. After retreating from the first line, veteran comrades should also display their role as assistants and advisers. More importantly, we must make our ideology match with the pulse of the times, and catch up with the new situation of reform and opening up. [passage omitted]

**Jilin's He Zhukang Speaks on Productive Forces**  
SK1207033488 Changchun Jilin Provincial Service  
in Mandarin 0930 GMT 11 Jul 88

[Text] He Zhukang, secretary of the provincial party committee and governor, offered opinions on the ongoing discussions on the criterion of productive forces being held throughout the province. He pointed out: All

trades and professions should take productive forces as the criterion, clarify their confused ideas, implement the various policies in a creative manner in line with actual conditions, and facilitate reform and economic construction in a comprehensive manner.

During his recent inspection tour in Liaoyuan City, Comrade He Zhukang discussed his views on further emancipating the mind and developing productive forces. He said: How can we further develop the productive forces, facilitate economic construction, and enable the people to achieve affluence as soon as possible? Based on the situation of Jilin, the most fundamental way is still to emancipate the mind further, proceed from reality in implementing central policies in a creative manner, and integrate the experiences of other localities with our own practice. Over the past few years, we have achieved some results in emancipating the mind, opening up, and economic invigoration. However, the results are not adequate. Leftist influence, which needs to be eliminated further, still exists, and some outmoded ideas need to be further changed. The provincial party committee's decision on holding large-scale discussions on the criterion of productive forces is meant to persistently take whether a project is conducive to the development of productive forces as the starting point and the criterion when we are to develop it. We should hold in-depth discussions on the criterion of the productive forces, clarify confused ideas in line with actual conditions, solve problems, and promote all our work.

Based on his investigations on private enterprises and on the auction of enterprises, Comrade He Zhukang spoke specifically on whether we should further relax control over private enterprises, and whether it is good to auction off enterprises. He said: We should, first of all, judge whether they are conducive to the development of productive forces. We should support them if they help raise productive forces, and are beneficial to the state's economic construction. The basic criterion is the criterion of productive forces.

Comrade He Zhukang urged party committees and governments at various levels to foster a new idea on talented people through the discussions on the criterion of productive forces. He said: What is the criterion for the requirements of cadres and the ideas on talented people? Productive forces are the criterion. We should affirm the cadres who are good essentially, and who are able to score achievements although they may have flaws and shortcomings. We should clearly distinguish the essential aspect from the nonessential aspect. People who are basically good and correct are good and correct. It is easy to understand the reason why we should adhere to the principle of the criterion of productive forces. However, it is not easy to adhere to the principle when dealing with specific issues. In particular, it is a complicated issue how to treat and use able people who have some flaws and shortcomings. It is hoped that leading persons at various levels will have more courage, and further emancipate their minds when handling this issue.

When these people are properly used, it is possible that they will create plenty of wealth. When not properly used, they may run away. Indeed, we need some courage to truly uphold the criterion of productive forces.

Comrade He Zhukang stressed: At present, when we are emphasizing the development of the productive forces, we should not neglect ideological and political work. The current ideological and political work is far from compatible with the needs of the new situation, and fails to keep in step with the development of the economic construction. Economic construction is the central task, but we should not emphasize this alone in an oversimplified manner. We should emphasize ideological and political work simultaneously, and do a good job in party building. This is a major task for party committees at various levels. Party committee leaders should attend successfully to ideological and political work. By the same token, enterprise directors should successfully lead the enterprises. They will fail if they do not carry out the work related to people, ideology, and politics. When people have high political awareness and quality, their initiative and mental outlook will be greatly different, and they will be able to make more contributions to the four modernizations with a sacrificing spirit. People are the most vigorous factor of the productive forces. Only when the ideological and political work directed to people is carried out successfully can we promote a great development of the productive forces.

**Jilin's He Zhukang Writes on Emancipating Minds**  
SK1007064888 Changchun Jilin Provincial Service  
in Mandarin 2100 GMT 7 Jul 88

[Report on 8 July JILIN RIBAO frontpage article by Comrade He Zhukang, secretary of the provincial party committee and governor of the province: "Uphold the Criterion of Productive Forces and Further Emancipate Minds"]

[Text] Comrade He Zhukang's article consists of three parts: The first part is the scientific circumstances of productive forces. The article points out: Upholding the criterion of productive forces means that we should persistently regard as a basic principle of historical materialism that productive forces are finally the decisive power for all sectors in social development. Upholding the criterion of productive forces means upholding the socialist road of building socialism with Chinese characteristics and means upholding the ideological line set forth since the 3d Plenary Session of the 11th CPC Central Committee with regard to emancipating minds and seeking truth from facts.

The article's second part describes the purpose of holding discussions on developing the criterion of productive forces. It stresses that efforts should be made to foster new (?reforming) concepts through study and discussion. It is very important for us to clarify right and wrong between promoting capitalism and socialism, being advanced and backward, and making contributions and

committing mistakes. Through study and discussion, we should foster a new concept of policies and do a good job in applying the existing policies in a lively and satisfactory way. Efforts should be made to boldly implement policy in a creative way and to realistically formulate new policies. Through study and discussion, we should foster a new concept of talented personnel, establish a new criterion in discovering talented personnel, set up new (?basic knowledge), and explore new employment systems. Through study and discussion, we should foster a new concept of order. A new order is [words indistinct]. The core of the new order is to do things in line with the law of value and its characteristics are enhancing legal methods.

The article's third or last part urges the leading personnel of the provincial level organs to take the lead in participating in study and discussion on the criterion of productive forces. Firmly bearing in mind the drive to conduct reform and [words indistinct], they should make full use of various mass media to extend and deepen study and discussion as much as possible so as to create an elevated climate from top to bottom throughout the province with regard to further emancipating minds and productive forces and to lay a solid foundation for creating a new situation in conducting reform and opening to the outside world and for economic development.

**Northeast China Trade Fair Opens in Jilin**  
SK1107024988 Changchun Jilin Provincial Service  
in Mandarin 2100 GMT 8 Jul 88

[Text] On the afternoon of 8 July, the International Exhibition Center in Dalian City was decorated with colored flags and balloons and was crowded with guests. The 1988 Northeast China and Inner Mongolia Export Commodity Trade Fair, which was cosponsored by Heilongjiang, Jilin, and Liaoning Provinces, and Inner Mongolia and the three cities of Harbin, Shenyang, and Dalian that set up their individual development plans, opened there.

This trade fair was opened under the new situation of implementing the country's economic development strategy for coastal areas, promoting the economic development of the whole northeast region and the country's north region, and actively participating in international economic exchange and competition. The scale of this trade fair was larger, the varieties of products exhibited were better, and the number of buyers were also greater than those of last year. The international market business was brisk in particular. The prices of agricultural, sideline, native and special products, and industrial raw materials were good. The total value of commodities of the trade fair was \$500 million.

The trade fair includes export commodity trade talks and technological cooperative trade items. More than 500 businessmen from 9 countries and regions came to Dalian and more than 3,500 persons participated in: the



trade talks. Nearly 200 foreign trade companies and export-oriented enterprises from the three provinces, one region, and three cities received foreign businessmen to hold trade talks.

Some provinces, regions, and cities, including Hubei, Jiangxi, Hebei, Shaanxi, Ningxia, Tianjin, Wuhan, and Xian, also sent delegations to participate in the trade fair.

**Jilin Peasants Aggravated With Burdens**  
*SK0907123688 Changchun Jilin Provincial Service  
in Mandarin 2100 GMT 6 Jul 88*

[Text] The provincial Financial Department recently wrote a report based on investigation data compiled by the centers in charge of observation over rural economic development to reveal the problem of the peasants' excessive burdens.

The report points out: In line with the data compiled by the observation centers, the peasants' burdens have increased year after year and have never shown a decrease. According to the 1987 investigation data compiled by the observation centers of 30 villages, the peasants' burdens in every village reached 3.488 million yuan, a 747,000 yuan and (37.2) percent increase over the 1986 figure. The per capita burden reached 73.9 yuan, a 19.44 yuan and 35.6 percent increase over the 1986 figure. The per 1-mu land burden reached 20.96 yuan, a 28.3 percent increase over the 1986 figure. The total burden of these villages accounted for 12.4 percent of their 1987 net income and those of specific villages accounted for 22.4 percent.

The major reasons for the increase in the peasants' burdens are as follows: 1) The number of burden items imposed on peasants surpassed that fixed by the provincial authorities. 2) The number of nonproductive personnel increased so that peasants (had to pay for labor work). 3) The payment for labor has caused an increase in the peasants' burdens, which has been caused by mismanagement of the labor force and is purely man-made. 4) Cases in which peasants have been forcibly apportioned expenses are serious. For example, the purchase authorities often forcibly procure hogs when peasants raise few and slow down their purchase activities when peasants raise more so that peasants often buy piglets at high prices and sell their hogs at low prices.

**Liaoning's Quan Shuren Attends Meeting on Economy**  
*SK1207040688 Shenyang LIAONING RIBAO  
in Chinese 18 Jun 88 p 1*

[Text] From 15 to 16 June, the provincial party committee and government held an on the spot office meeting in Shenyang on accelerating the export-oriented economy. The meeting fully affirmed the city of Shenyang's basic experience in opening to the outside world, exposed the deficiencies in our work, and solved some difficult problems on the spot.

Comrades attending the meeting heard briefings given by Li Zemin, secretary of the Shenyang City party committee, and Wu Disheng, mayor of Shenyang, on the city's work of opening to the outside world, and conducted on the spot observation. Governor Li Changchun gave a speech at the meeting. He said: Shenyang has made a good beginning in opening to the outside world and has taken big strides forward in reforming the foreign trade structure. A total of 75 enterprises throughout the city have the right to engage in foreign export trade and they have rapidly developed the international market. So far, 112 enterprises have conducted experiments on establishing "specialized plants. Tiexi District, machine tool plant No 3, and some old enterprises have explored some fairly successful transformation methods in practice, and the experiments conducted in the "Dongling special zone" have further promoted regional opening up. This work has actively advanced Shenyang's export-oriented economy.

While talking about the deficiencies in the work of opening to the outside world, Li Changchun said frankly: Shenyang has not yet formed a macroclimate in opening up and there are still deficiencies in its investment environment and momentum for transforming enterprises. He maintained that as far as the work of the entire province of opening up to the outside world is concerned, Dalian is a dragon's head and Shenyang is a dragon's body. It is a major strategic measure to list Shenyang as an open city to invigorate Liaoning. Shenyang should clearly define its position in opening to the outside world, further enhance the understanding of opening up of the broad masses of cadres and the masses, and intensify their sense of urgency and responsibility. To improve the investment environment, at present, we should mobilize the entire society to clean up Shenyang and correct its disorderliness and poor services and to strive to consolidate the city's appearance. Li Changchun stressed: Shenyang should organize some enterprise groups with key enterprises that play a leading role to cooperate with foreign firms by promoting the system whereby foreign trade corporations can act as agents for other enterprises and other methods, develop exports to earn foreign exchange, engage in producing import substitutes, strengthen competitive abilities in the international market, and strive to squeeze into, expand, and win a place in the international market. We should run Sino-foreign joint ventures, Sino-foreign cooperative enterprises, and wholly foreign owned enterprises well and should give simultaneous consideration to large, medium-sized, and small projects in terms of the import of funds, technology, and trained personnel. Transformation in Tiexi District should be firmly grasped and efforts should be made to enable this district to play an exemplary role.

In his speech, Quan Shuren, secretary of the provincial party committee, said: The general impression of Shenyang's work on opening to the outside world is good. From the experience of machine tool plant No 3 and

other enterprises in establishing cooperation with foreign firms, importing technology, processing products with materials and designs from foreign firms, and entering products into the international market with concerted efforts, we can foresee the hope of opening the heavy industry to the outside world. Shenyang should arrange large and medium-sized enterprises in order, formulate specific objectives, define the methods to be adopted to absorb foreign capital, determine what kinds of products to be produced and exported, and win a place for its brand-name products in the international market. Leaders should personally take charge of the work; grasp several Sino-foreign joint ventures, Sino-foreign cooperative enterprises, and wholly foreign-owned enterprises; run them well; and play an exemplary role. Domestically, we should put both ends of the production process on the world market, develop cooperation in energy and raw materials bases, send products and technology to inland areas, and create conditions for future development.

At the on the spot office meeting, on behalf of the provincial party committee and government, Vice Governor Wen Shizhen answered questions raised by the Shenyang City party committee and government on the relevant powers enjoyed by the cities that allow them to have their own individual development plans, and on transport and telecommunications facilities, which must be resolved immediately. He instructed the departments concerned to rapidly solve problems that can be solved. He also put forward issues on how to display the role of heavy industrial bases and how to develop machinery and electric products and consider it a breach for earning foreign exchange. He hoped that efforts would be made to further study these issues and grasp the original superiority in an effort to promote the Shenyang export-oriented economy.

Cheng Jinxiang, Lin Sheng, Xiao Zuofu, Li Qisheng, and other leading comrades and responsible comrades of provincial-level departments concerned attended the on the spot office meeting.

**Quan at Liaoning Science Conference Closing**  
*SK1207033088 Shenyang LIAONING RIBAO*  
*in Chinese 18 Jun 88 p 1*

[Text] The Liaoning provincial scientific and technological work conference ended successfully on 17 June.

Quan Shuren, secretary of the provincial party committee, addressed the conference. He said: The strategic principle put forward at the conference on relying on science and technology to invigorate Liaoning's economy will exert a profound influence on the economic construction and the development of all undertakings of the entire province. The implementation of this principle will also help to further liberate productive forces, enable the scientific and technological work of the province to march toward a new and higher level, and

accelerate realization of the fighting objective of "working hard to invigorate Liaoning, to serve the entire country, and to advance toward the world."

Comrade Quan Shuren also said: Implementing the principle of "using science and technology to invigorate Liaoning" is the demand of our times. The world of today is amid a time of rapid scientific and technological development. The world's rising technological revolution has proven more clearly that the balance of international forces and the progress of world development will depend to a large degree on the scientific and technological level, whether high or low.

During the conference, delegates conscientiously and enthusiastically discussed Vice Governor Lin Sheng's work report given on behalf of the provincial party committee and the government, firmly kept in mind the strategic ideology of "using science and technology to invigorate Liaoning," and accelerated export-oriented economic development on the Liaodong Peninsula and implementation of the decision of the provincial party committee and government on using science and technology to invigorate Liaoning's economy, the regulation of the provincial people's government on deepening scientific and technological structural reform, regulations on managing Liaoning Province's technology market, and provisional methods for managing Liaoning Province's state-run scientific and technological development organs.

Since the party Central Committee's promulgation of the decision on reforming the scientific and technological structure in 1985, a number of outstanding scientific and technological industrialists who persisted in reform; who dared to blaze new trails; who promoted actively the close integration of science, technology, and economic construction; and who made prominent contributions to the province's scientific, technological, and economic development have emerged. To commend their achievements, the leading provincial scientific and technological group and the provincial Scientific and Technological Commission commended Jiang Xishang, director of the Shenyang Casting Research Institute; Bai Xiyao, deputy director of the Anshan City Static Electricity Technology Research Institute; and 13 other comrades and outstanding scientific and technological industrialists who made important contributions to developing the scientific and technological industries of the province.

Attending the closing ceremony were more than 200 persons, including leading Comrades Li Changchun, Shang Wen, Gao Zi, Ge Xifan, Cheng Jinxiang, Lin Sheng, Xiao Zuofu, Yue Weichun, and other delegates. The closing ceremony was presided over by Comrade Sun Qi.



**Liaoning Development Zone Improves Conditions**  
*HK1107123988 Beijing CEI Database in English*  
11 Jul 88

[Text] Shenyang (CEI)—Dalian Economic and Technological Development Zone in Liaoning Province has achieved marked progress in improving its investment climate.

Established in October, 1984, the Dalian Economic and Technological Development Zone covers an area of 20 square kilometers among which 8 square kilometers have been developed.

The economic zone has invested 360 million yuan in improving the investment climate. The zone has introduced 4,000 program-controlled telephones from Switzerland and put them into operation, thus strengthening the ties between the economic zone and other countries of the world.

The economic zone has formulated 40 laws and regulations concerning foreign investment, providing preferential treatment and effective legal guarantee for domestic and foreign investors.

Within the development zone, there are 77 enterprises with an investment of 900 million yuan including 37 foreign funded enterprises with an investment of 650 million yuan.

Contracts for a number of new large and small-sized projects will be signed soon.

An oil refinery contract soon to be signed with China Resources Co. Ltd. of Hong Kong will add a productive capacity of 5 million tons and involves an investment of 1.5 billion yuan.

**Liaoning Holds 1-Week Military Reserve Training**  
*SK1207024888 Shenyang LIAONING RIBAO*  
in Chinese 17 Jun p 1

[Text] From 7 to 12 June, leading cadres of local cities and counties who are assuming posts in the division and regiment of the Liaoning Province reserve forces came to the training brigade of the provincial military district to attend a week of military training.

This training was arranged in line with the decision at the meeting to discuss military affairs held by the provincial party committee. Wang Julu, deputy secretary of the provincial party committee, came to the training class to mobilize the trainees and set explicit demands on them. Vice Governor Wang Wenyan; Wang Youhan, commander of the provincial Military District; Political Commissar Liu Dongfan; and other leading comrades served personally as military instructors. Attending the military training were more than 60 leading party and government comrades of the cities and counties. They are all assuming concurrent posts in the division and

regiment of the reserve forces. Among them, the oldest is 54 and the youngest is 34. For the first time they wore uniforms as military officers of the reserve forces, put on collar and cap badges, lived as soldiers, attended morning drills, lined up to enter classrooms, took company meals, and acted in line with army rules and regulations. By studying conscientiously a series of principles and policies of the party Central Committee and the State Council and the Central Military Commission on building national defense, international military strategic theories, a summary of foreign armies, and the guiding principles for building reserve forces and conducting military training and observing reserves forces, the sense of national defense and military quality of these leading comrades was remarkably enhanced.

Based on this, they also studied measures for strengthening the building of reserve forces with leaders of the provincial military district and the division of reserve forces.

**Northwest Region**

**Gansu Reports Economic Progress, Problems**  
*HK1207022788 Lanzhou Gansu Provincial Service*  
in Mandarin 2300 GMT 11 Jul 88

[Excerpt] Our station reporter (Li Desui) learned at a news briefing given by the provincial Statistics Bureau on 11 July that Gansu has continued to maintain steady economic growth this year, guided by the principle of stabilizing the economy and deepening the reforms. However, supplies remain short due to soaring demand.

The province's agricultural and rural situation appears good this year. Summer grain output is estimated at 3.6 million tons, a rise of 4 percent over last year. Autumn grain, cotton, oil-bearing crops, and sugarbeet are growing well. A momentum of growth is also apparent in animal husbandry. The decline in the number of pigs has been stabilized and the number has started to rise again. Total output value and income of the township and village enterprises in the 1st half of the year respectively rose by 37 percent and 41 percent compared with the same period last year.

The province's industrial output value in the 1st half of the year was 7,213 million yuan, representing 51.5 percent of the year's plan. This figure showed a rise of 13.3 percent over the same period last year, and was the fastest rise recorded in this period in recent years.

At present market sales are soaring and prices are rising too fast. While unified procurement of domestic commodities rose by over 18 percent during the 1st half of the year, total retail sales in society increased by 24.32 percent. The average rise in the retail price index in the first 5 months of the year was 12.4 percent. Generally speaking, the trend of continued increase in the cash income and expenditure of urban and rural residents was maintained. [passage omitted]

**Shaanxi Meeting on Separation of Functions**  
*HK1007025788 Xian Shaanxi Provincial Service*  
*in Mandarin 2330 GMT 9 Jul 88*

[Summary From Poor Reception] A recent provincial forum on separation of party and government functions in enterprises studied the minutes of the central forum on political structural reform and exchanged results in theoretical research in the separation of these functions. Pilot project enterprises introduced their experiences. The meeting also discussed the provincial party committee's views on a number of questions in separation of party and government functions in the enterprises, and made arrangements for speeding up this work.

The meeting pointed out: "The province must further speed up the separation of party and government functions in the enterprises in the 2d half of this year and strive to basically harmonize party and government relations and complete reforms of the enterprise leadership setup in all the province's 18,000 independently accounting industrial enterprises above township-level and in the [words indistinct] enterprises by the end of this year or the beginning of next."

Provincial party committee Secretary Zhang Boxing spoke at the meeting on 9 July. He pointed out: "Separating party and government functions constitutes a major reform in the party and state leadership setup. Throughout the whole process of political structural reform, we must assign separation of party and government functions the primary and key position."

He stressed: "To carry out this task smoothly, we must resolve problems of ideological understanding and truly realize, through integrating theory with practice, the necessity and importance of separating party and government functions."

Zhang Boxing discussed the importance of having a correct understanding of the party's nature, leadership, and powers. He noted: "The party is a political organization whose main function is to lay down the development orientation for the state and society and the major guidelines and goals of endeavor. The party cannot directly exercise the functions of the state." He stressed that the party's leadership can only be political leadership. "Party leadership should certainly not be interpreted to mean that the party should directly manage

state affairs." He stressed that the party leaders should not replace the enterprise and unit leaders in exercising leadership over production and professional work.

He expressed the hope that the party members, especially the leading cadres, will successfully traverse the pass in this reform.

**Xinjiang Designated Cotton, Beet Base**  
*OW0907050888 Beijing XINHUA in English*  
*1511 GMT 8 Jul 88*

[Text] Beijing, July 8 (XINHUA)—China's State Council recently decided to turn the Xinjiang Uygur Autonomous Region into a cotton and beet production base.

An agreement to this effect was signed here today by Minister of Agriculture He Kang and Governor of Xinjiang Tomur Dawamat.

Vice Premier Tian Jiyun and State Councillor Chen Junsheng attended the signing ceremony.

According to the agreement, the cotton and beet production areas will be mainly constructed in the southern part of the region.

The Beijing-based Committee for State Land Development and Construction Funds Management will give advice and support.

A preliminary plan shows that the construction of the cotton and beet production areas in the region will be completed by 1999. In the next 8 years, the region will reclaim more than 530,000 hectares of waste land and improve more than 530,000 hectares of low-yield farmland. By 1995, the region will produce 50,000 to 60,000 tons of cotton and 4.6 million to 5.6 million tons of beet.

In addition to the normal supply of materials for agricultural use, such as chemical fertilizers, plastic sheets, pesticides, and diesel oil, special measures to encourage the development of cotton and beet production will be introduced.

Also, agricultural tax will be exempted for 5 years starting from the second year after the land is put into use, and continued investment from the state is assured for large water conservancy projects.



### Mainland Reaction to 13th Kuomintang Congress

**State Council Spokesman Comments**  
*HK0807124688 Beijing ZHONGGUO XINWEN SHE in Chinese 0920 GMT 6 Jul 88*

[Report by Dai Yaping (2071 0068 1627) and Wu Yi (0702 1150): "State Council Spokesman on KMT's 13th National Congress"]

[Text] Beijing, 6 Jul (ZHONGGUO XINWEN SHE)—State Council spokesman Yuan Mu said today that he hopes the policy decisions made by the forthcoming "13th National Congress" of the KMT [Kuomintang] will be conducive to the further development and stability of Taiwan.

Yuan Mu said this when answering reporter's questions at a news conference today.

He said that it is still difficult to predict at present the possible achievement of the congress, but he personally hoped that it would be held smoothly. He also hoped that the policy decisions of the congress will be conducive to the contacts between Taiwan and the mainland.

**Daily Previews Congress**  
*HK1207052688 Beijing RENMIN RIBAO in Chinese 7 Jul 88 p 1*

[Report from Hong Kong on 6 July: "The 13th KMT Congress Opens Today"]

[Text] The 13th KMT [Kuomintang] Congress will open officially tomorrow. The congress will last for 7 days. This is the first important meeting of the KMT since Chiang Ching-kuo died. The meeting will make new personnel appointments and will formulate relevant policies and plans.

It is learned that the congress will first elect the new KMT chairman. Li Teng-hui is now the acting chairman of the party. The congress will also elect a new KMT Central Committee, and build a new leading group.

Now the agenda for the congress has been decided. The opening ceremony will be held this morning, and some 11,000 people will attend the ceremony. Then, the congress will discuss the "bill on doctrines and ideology," the "bill on revising the party constitution," the "bill on reforming party affairs," the "bill on the political program," the "bill on the mainland policy."

After the 13th KMT congress, the first session of the 13th KMT Central Committee will be held to elect the new central standing committee and to complete the change in the KMT top decision-making body.

**Mainland KMT Head Greet Li**  
*OW0907003088 Beijing XINHUA in English 0722 GMT 8 Jul 88*

[Text] Beijing, July 8 (XINHUA)—Zhu Xuefan, chairman of the Central Committee of the Revolutionary Committee of the Chinese Kuomintang [KMT], sent a message today to Taipei to congratulate the Kuomintang on the opening of its 13th congress and Mr. Li Teng-hui's election as KMT chairman.

In the message, Zhu said ever since Mr. Li Teng-hui took charge of Kuomintang affairs, he has repeatedly said "There is only one China" and "China should be reunified", and has opposed "the independence of Taiwan".

"We highly appreciate what he has done. Let us follow Dr. Sun Yat-sen's teaching on concerted efforts to revitalize China and make our due contributions to the peaceful reunification of the motherland," Zhu said.

**Daily Views Proceedings**  
*HK0907072188 Beijing RENMIN RIBAO in Chinese 8 Jul 88 p 4*

[Article by reporter Lian Jintian (6647 6930 3240): "A Congress To Continue Established Policies"]

[Text] The KMT's [Kuomintang's] "13th National Congress" has opened. This is an extraordinary meeting. More than 7 years have passed since the KMT's last national congress. Great changes have taken place in the political and social fields in Taiwan, but there are also many problems: The "newly emerging" forces are growing; the emergence of opposition forces and incidents of "self-relief [zi li jiu ji 5261 0500 2405 3444]" are challenging the authorities continuously; there are hardly any breakthroughs in the "diplomatic bottleneck"; the undercurrent of Taiwan independence becomes visible now and then; "reform of the national assembly" is an urgent task; and the mainland policy needs to be further delimited. The new environment and situation are forcing the KMT to readjust itself.

Because of this, people of various circles in Taiwan are placing high hopes on the "13th national congress" of the KMT. Many people even regard it as a group consultation of doctors to cure difficult diseases. Since the KMT announced at the end of last year that the congress would be held this year, many officials have always tried to leave the difficult problems they have encountered or the contradictions they are unable to solve for the "13th national congress." Various quarters on the island are expecting that problems will be solved smoothly at the congress and that a situation of "sunshine after the rain" will appear.

In my opinion, the many problems which have emerged in Taiwan cannot be solved all at once. One meeting cannot digest so many things and solve so many problems. Therefore, although the KMT's "13th National

Congress" will be a historical meeting and may bring about some innovations, it will still be unable to solve all the long-standing problems. High-level KMT personages admit that the people and KMT members have placed excessively high hopes on this congress and thus put great pressure on it. A senior official said: "Press circles on the island have made too many reports on various open suggestions. As a result, the masses of people are given a false impression, thinking that the 13th congress will solve everything."

There really are many reports by Taiwan's press circles on open suggestions. But most of those suggestions are made by various social circles and are by no means groundless. However, when we look back to the political trend within the KMT before the "13th national congress," we can see that the KMT has been hesitating on the question of "political restructuring." Some people are playing for time in order to maintain stability, while others are busy entering into rivalry for power, and are overwhelmed by their own problems. Many people on the island describe the "political restructuring" in the past few months as "marking time."

This has something to do with the differences among KMT leaders. The questions of "party restructuring," "political restructuring," and mainland policy have all become hot topics for disputes among various factions. People who know the inside story disclosed that whenever there are disputes, those who stand for restructuring can have no alternative but to maintain the status quo, no matter how reasonable their propositions appear. The masses of people have placed high hopes on the "13th national congress," but there are many sharp contradictions within the KMT that cannot be solved easily. In view of Taiwan's current political reality, the "13th national congress" will be unable to unify the forces of various factions because none of them will yield an inch. For example, on the question of "reelecting the national assembly," the government said last November that a concrete plan would be put forth in about 6 months, including retirement of a number of "old legally constituted authorities." However, soon after an exploratory plan was put forth by the government, it was stubbornly resisted by the "old, legally constituted authorities," as it concerned their interests. The people on the island have launched a fierce attack on the "old, legally constituted authorities." This matter of "offending people" is also a headache for Taiwan's new leader. When meeting with some "members of the Legislative Yuan" some days ago, Li Teng-hui said: "There is a multitude of things to do, and I am also burning with impatience!" He hoped that the masses of people would "give me some more time." People of various circles hope that certain breakthroughs can be achieved at the "13th national congress" on the "reelection of the national assembly," but Li Teng-hui revealed that the matter might be postponed to the end of the year. This shows that it is very difficult for the KMT to carry out the restructuring.

From the above analysis we can see that before the opening of the KMT's "13th National Congress," there

was nothing new in the KMT's political affairs. Many urgent problems were still shelved. Therefore, this congress will more likely be a congress to continue the established policies of Chiang Ching-kuo than a congress to work out new policies. Many scholars in Taiwan affairs both at home and abroad hold that there will not be too many changes at the "13th national congress" as there have been serious disputes within the KMT on various reforms. On the question of democratization, for which the people on the island have been showing great concern, Chiang Ching-kuo, who recognized the fact that "times are changing" before his death, had already adopted some positive measures, such as lifting martial law and bans on other parties and the press. It is unlikely that the KMT's "13th National Congress" will work out any more surprising measures in this regard.

On the question of Taiwan's mainland policy, Chiang Ching-kuo had already set the orientation before his death. Over the past few months, the KMT has been very careful in this respect. It is impossible to go backward, but it is also difficult to make a great breakthrough. As a matter of fact, the KMT's mainland policy was already decided before its "13th national congress," that is, the "three nos" policy will continue to be adopted by official quarters while the control over people-to-people contacts will be relaxed gradually. When talking with some "deputies to the national assembly" recently, Li Teng-hui said that the "three nos" policy is a "wise policy" and a "strategy of conserving strength while the enemy tires himself." Taiwan's press circles have put forward a variety of suggestions on Taiwan's mainland policy and the people have also placed high hopes on it. However, the KMT is still hesitating on this question. In a recent plan adopted by top-level KMT leaders, measures such as allowing reporters to go to the mainland to gather news, relaxing the policy on public employees' mainland visits, and dealing with matters concerning international sports activities on the basis of the Olympics model were canceled. Some people even said that the current relaxation of policies is already the "limit." Many people on the island feel quite disappointed at this.

Despite the KMT's hesitation on the questions of restructuring and opening up, it is difficult to hold back the tide. With a heavy burden of tradition on its back, the KMT's "13th National Congress" will be unable to make a great breakthrough when making policy decisions. However, the replacement of the old by the new in personnel affairs will be of unusual significance. On the eve of the congress, some younger KMT members put forth some bold and enthusiastic suggestions, including "reshuffling the cabinet." Top-level KMT leaders also said that at the "13th national congress" some younger and promising members will be absorbed into the power structure, and new blood will be injected into the Central Committee. The masses of people are expecting that the new people will have new ideas and foresight and will implement or influence gradually some new policies. Although no immediate results may be achieved at this



congress, this trend will have a considerably great influence on Taiwan's future political situation. This may also be a distinguishing feature of the KMT's "13th National Congress."

**Paper Criticizes Policy**

*HK0907053288 Hong Kong WEN WEI PO  
in Chinese 9 Jul 88 p 2*

[Editorial: "Good Signs on the One Hand, Irresolution on the Other—Commenting on the KMT's Policy Toward the Mainland"]

[Text] Zhao Ziyang, general secretary of the CPC, yesterday sent a telegram to Taipei, congratulating Li Teng-hui on his election as chairman of the KMT [Kuomintang] and sincerely hoping that the KMT and the Communist Party will make concerted efforts together with compatriots from around the country to achieve the early achievement of the cause of China's reunification.

Obviously, the CPC is sincere and hopes to strike off the old scores between the two parties, to eliminate animosity, to promote a harmonious atmosphere on both sides of the strait, and to create a new situation in which the two parties will rejuvenate China hand in hand. The message from the general secretary to the party chief indicates that the two parties stand on an equal footing and shows friendship and magnanimity. So long as what is done is in the interest of the state and the nation, we should not necessarily be too particular about our counterpart's rude and sharp remarks.

Li Teng-hui's opening speech to the 13th KMT Congress contained lines bitterly denouncing the CPC and rejecting the "one country, two systems" model. He advocated the import of the three principles of the people by the mainland, declaring that "the day when the hearts of the people on both sides of the strait become one is the day when the regime of the CPC will collapse like a house of cards." If we relate this statement to Sung Chu-yi's speech on the "1, 2, 3, 4, 5" policy toward the mainland, we will see that Taiwan still intends to use security, anticommunism, and indirect and one-way forms to launch psychological warfare to contend with the CPC. This assumption is based on a wrong judgment of the situation and a notion of confrontation. Therefore, some of Taiwan's advocacies are quite contradictory and cannot be made consistent.

Since the KMT says it is working for peaceful reunification, it is then only natural for it to clear up estrangement and misunderstanding on the two sides of the strait and to make more contacts. But, the KMT is still rigidly clinging to its policy of "no contacts, no negotiations, no compromises." How can this lessen the hostility between the two sides of the strait and lead to peaceful reunification?

The KMT says it is upholding humanity. However, it just allows Taiwan compatriots to visit their relatives on the mainland, but it does not allow many government

functionaries to do so. Nor does it allow the compatriots on the mainland to go to Taiwan to meet their seriously ill relatives, to serve them at their sides, or to attend the funeral rites of parents and the worship of ancestors. How can there be two standards for humanity? The KMT says that the government and the people should be separated, but it strictly forbids people from the mainland setting foot in Taiwan to share family feelings. This shows that the KMT views the people and government on the mainland as one entity. Where is the talk about separation of the government and the people?

The KMT says that the Three Principles of the People have made brilliant achievements while socialism has brought endless disasters to the mainland. If this is the case, the KMT should allow the people on the mainland to go to Taiwan to compare the two systems and judge which is superior. This will help promote reunification, and it will also be a constructive move. However, Taiwan has just picked out personalities on the mainland who "are opposed to Marxism" and allowed them to go to the island. It seems that Taiwan concentrates on opposing communism to the neglect of the people's free choice.

The KMT says it will conduct one-way exchanges with security as the principle. However, "do not do unto others what you would not want done to you." The draft policy of the 13th KMT Congress toward the mainland says that Taiwan will "support the compatriots on the mainland" "in their political struggle" and their struggle "against exorbitant contracted and leased axes and levies." These remarks have the intention of subverting the CPC without thinking of the mainland's security. A policy of confrontation will only jeopardize exchanges conducted between the two sides of the strait and lead to chaos and discord. Mr Li Teng-hui said: "We and 1 billion compatriots on the mainland are bound with a common cause and as closely linked as flesh and blood." As such, it must be understood that the blood brothers on the mainland need an environment of stability and unity to develop the economy, to do a good job in the four modernizations, and to improve their standard of living. This is the wish of the compatriots on the mainland. Prating about confrontation in defiance of this wish means encouraging mutual slaughter among blood brothers [gu rou xiang can 7539 5131 4161 2995]. This is not desired by the benevolent, nor will it win popular support. The 13th KMT Congress has stressed that in Taiwan "only when social stability is ensured can democracy and the economy be steadily developed." However, the KMT attempts in a diametrically opposed way to sabotage the mainland's stability. It has really excessively overrated its abilities and overemphasized its selfish interests.

The CPC policy toward Taiwan is open and aboveboard. The CPC hopes to become reconciled with Taiwan and to write off past grievances instead of trying to subvert, create rumors, incite struggle, and sow hostility in Taiwan. When receiving home-coming Taiwan military and

government personnel, mainland customs personnel and local cadres and party members have astonishingly found that they were their personal enemies who killed their fathers or who killed all members of a family in those years. However, with the national reconciliation in mind, they managed to treat them well and did persuasion work among the emotionally irritated masses of the people, teaching them not to be swayed by their emotions, thus ensuring the safe coming and going of the Taiwan compatriots. This moving case is not an isolated one. If the KMT authorities are sensible, they will find that the CPC's efforts to bring enlightenment to the people through education and to strive for a peaceful reunification are not just lip service and that this advocacy has become the practice of the broad masses of the people.

One party is sincerely seeking reunification and the other party is still irresolute and taking a wait-and-see attitude, and even cherishing illusions. This is the reality at present on both sides of the strait. Nevertheless, we are convinced that where wholehearted dedication is directed, the whole world will step aside to let you by and also convinced that when the KMT takes steps forward and conducts exchanges with the people on the mainland, it will be somewhat moved and wake up to reality, and proceed to discard its old concepts.

#### Democratic League Greet Li

OW1007100788 Beijing XINHUA in English  
1206 GMT 9 Jul 88

[Text] Beijing, July 9 (XINHUA)—A leading member of the Taiwan Democratic Self-Government League made a speech here today, congratulating Li Teng-hui on his election as chairman of the Kuomintang in Taiwan.

"We, like the elders and brethren in our native place, hope that Li will make greater contributions to the welfare of the Taiwan people," he said.

He said that in the past six months Li has taken steps to promote relations between the two sides of the Taiwan Strait.

He urged Li Teng-hui to further exercise his influence in helping create favorable conditions for the peaceful reunification of the motherland.

Today, the All-China Federation of Taiwan Compatriots also sent a message to Li Teng-hui to express its congratulations.

The league hopes, the message said, that Li will continue to uphold his "one China" stand, oppose the "independence of Taiwan", enhance exchanges between Taiwan and the mainland, and ensure the freedom of each side's people to make visits to both sides of the Taiwan Strait.

#### KMT Speakers Urge Open Policies

OW1007224088 Beijing XINHUA in English  
1440 GMT 10 Jul 88

[Text] Hong Kong, July 10 (XINHUA)—Several speakers at Kuomintang's [KMT's] 13th congress have appealed for more positive and open policies towards the mainland, according to news reports from Taipei.

In their group discussions yesterday, some representatives called for establishing a mainland affairs committee for working out policies and handling matters concerning the realization of the reunification of China.

The door should be open wider to allow more people including government employees to visit their relatives on the mainland, they said. They also asked for abandoning the KMT policy of "no contact, no compromise and no negotiations" with the mainland, while demanding for direct trading and exchange of news reporters.

Academic exchanges between the two sides of the Taiwan Strait should be taken into consideration and mainland students studying abroad should be invited to visit Taiwan, they urged.

Taiwan authorities now permit mainland residents to go to Taiwan for funerals of their deceased relatives. But some representatives said that the policy should be changed to allow them to visit their relatives still alive in Taiwan.

Other proposals included making the Penghu Islands an entrepot for transit goods from mainland and lifting bans on Taiwan actors and actresses to star in mainland films.

#### CPC Reactions Noted

HK1107073288 Hong Kong TA KUNG PAO  
in Chinese 11 Jul 88 p 2

["Political Talk" Column by Shih Chun-yu (2457 0689 3768): "CPC Reaction to the 13th KMT Congress"]

[Text] Zhao Ziyang Sends Congratulation Telegram to Li Teng-hui [subhead]

The ongoing 13th KMT [Kuomintang] congress in Taipei attracts wide attention in China and overseas. The mainland also pays close attention to this congress and has reacted quickly to it.

On the 2nd day of the congress, Li Teng-hui was elected chairman of the KMT. He is the first officially elected Taiwanese KMT leader after Chiang Ching-kuo's death.

On the same day, CPC Central Committee General Secretary Zhao Ziyang immediately sent a congratulation telegram to Taipei to Li Teng-hui. The telegram said: "As you are elected to KMT chairman at the



current KMT congress, I particularly extend my congratulations to you and sincerely hope that our two parties, together with the all compatriots of our country, will make joint efforts for the early fulfillment of the great cause of reunifying China."

**The CPC and the KMT Treat Each Other Equally**  
[subhead]

This telegram was concise and clearly expressed goodwill. There was no ill will and hostility. The fact that the CPC reacted so quickly to Li Teng-hui's election indicates that the situation in the Taiwan Strait has been further eased up, and relations between the two sides has further developed. A tendency to promote each other has appeared. The foreign new agencies were sensitive to this point. They showed no interest in whether Taipei had received this telegram. Many Taiwan newspapers also published Zhao's congratulation telegram.

In the telegram, the CPC leader used such terms as "the Kuomintang of China" and "both your and my parties." This showed that the CPC is ready to treat the KMT equally, and at least the CPC acknowledges the objective fact that the CPC and the KMT are the two major parties in China at present. The two parties bear the same important duty to realize the country's reunification, and they can discuss all things concerning this. This point is important, because it will help the KMT overcome the eccentric mentality of being placed in the position of "local government."

**The Revision of the KMT Constitution** [subhead]

The KMT will review and reformulate its mainland policy at the current congress. In order to overcome the sense of inferiority, it is also necessary to first overcome some people's fantastic and arrogant mentality of neglecting the objective fact. According to some unconfirmed reports from Taiwan, Tai Jui-ming, director of the Cultural Work Department of the KMT, still claimed that the KMT and the CPC "remain in hostile relations," but he said that the phrase of "eliminating the regime of the bandits" in the old party constitution will be changed into "practicing democratic constitutional government." Anyhow, the change in the wording reflects a more realistic attitude.

**The Election of the Central Committee Tomorrow Is Noticeable** [subhead]

The 13th KMT Congress is still in session, and in these 2 days, the congress is dealing with the crucial link of its agenda. Yesterday, Li Teng-hui put forward a namelist of 180 candidates for the central committee. Although quite a lot of old members are maintained in the namelist, the party backbones of the younger generation were substantially increased. In particular, the proportion of Taiwanese increased. The namelist did not include Chiang Wei-kuo, who was frequently mentioned recently by people in Taiwan. Two younger members of the Chiang family, Chiang

Hsiao-yong and Chang Hsiao-yan were named by Li Teng-hui as candidates. In fact, it is not necessary to discuss the influence of the Chiang family in Taiwan's politics. However, the election of the Central Committee and the Central Standing Committee represents a round of "power redistribution" in the KMT top leadership. Therefore, the results of the voting tomorrow at the 13th KMT Congress will be very noticeable.

**Increased Bilateral Trade With Mainland Urged**

**Preferential Rules Passed**

OW0807140288 Beijing XINHUA Domestic Service  
in Chinese 1047 GMT 6 Jul 88

[By reporters Chang Zheng and Zhang Yi]

[Text] Beijing, 6 Jul (XINHUA)—State Council spokesman Yuan Mu held a news conference at the Great Hall of the People this morning to introduce to Chinese and foreign correspondents the basic spirit and main contents of the "State Council Regulations Encouraging Investment by Taiwan Compatriots."

Yuan Mu said: The main principles the State Council adhered to in formulating and promulgating the regulations were: 1) one country, two systems; 2) equality and mutual benefit; and 3) freedom to come and go.

He said: Taiwan is a part of China, but being under different social systems, the mainland and Taiwan can each take its own road. The most realistic, fair, and reasonable approach to the peaceful reunification of the motherland is to promote it under the principle of "one country, two systems." All the policies of the Chinese Government concerning Taiwan, including the just-formulated regulations for encouraging investment by Taiwan compatriots, are aimed at promoting peaceful reunification under the principle of "one country, two systems." This is our government's basic, consistent, and long-term principle. For Taiwan compatriots to come to invest on the mainland is a mutually beneficial cause. Taiwan has its superiority, and the mainland also has its own superiority. The State Council welcomes Taiwan companies, enterprises, and individuals to invest on the mainland in accordance with the principle of equality and mutual benefit in order to give still greater scope to each other's superior points. Whether publicly owned or privately owned, big or small, or run by individuals, all Taiwan enterprises will receive the same treatment when they come to the mainland to invest. We will protect their legitimate rights and interests, provide various conveniences, and allow them freedom to come and go. The purpose of the State Council in formulating and promulgating the new regulations is to encourage economic and technological exchange between the mainland and Taiwan; promote prosperity on both sides of the Taiwan Strait; and facilitate the exchange of mail, trade, and air and shipping services, which will help push the peaceful reunification of the motherland.

Yuan Mu said: The regulations formulated and promulgated by the State Council to encourage investment by Taiwan compatriots is in keeping with developments on both sides of the Taiwan Strait. He said: As everyone knows, under the influence of the Chinese Government's consistent policy that advocates the exchange of mail, trade, and air and shipping services; freedom to come and go; and investment on the mainland by Taiwan compatriots, some enterprises and individuals from Taiwan have already come to do business and invest in running factories on the mainland in recent years. Owing to the appreciation of the Taiwan currency in recent years, production costs of many Taiwan enterprises have increased, the industrial structure needs readjustment, and some capital funds need to be transferred elsewhere. Since the Taiwan authorities began to allow Taiwan compatriots to visit their relatives on the mainland in the second half of last year and then further relaxed restrictions on visits, many Taiwan compatriots have visited the mainland, inquired about matters concerning investment, and urged the state to formulate relevant regulations to provide legal protection to Taiwan investors. It was under such circumstances and in accordance with the aforesaid principles and the characteristics of the investment by Taiwan compatriots that the State Council formulated these regulations. Therefore, the regulations are a product of the gradual development of exchanges across the Taiwan Strait. Their formulation and implementation are beneficial to both the mainland and Taiwan.

Yuan Mu said: What Taiwan investors are most concerned about is the safety of investments. The "State Council Regulations Encouraging Investment by Taiwan Compatriots" contain a special provision on this question. Article 8 clearly and definitely stipulates: "The state shall not nationalize Taiwan investors' investments and other property." This article provides legal protection to investments by Taiwan compatriots. We think that with the protection of state laws and regulations and the guarantee of government policy measures, investments by Taiwan compatriots on the mainland will be safe and sound.

Yuan Mu also gave a brief account of the treatment accorded to Taiwan investors. He said: Legally speaking, Taiwan compatriots' investments on the mainland are domestic investments because Taiwan is a part of China. However, considering the great differences between Taiwan and the mainland in social, political, and economic systems, taxation, and markets, it is impossible for Taiwan enterprises to operate entirely the same way as mainland enterprises. Moreover, in order to enable Taiwan investors to obtain roughly the same economic returns from investing on the mainland as they would from investing in some Southeast Asian country, the State Council regulations unequivocally point out: Enterprises funded by Taiwan investors enjoy the same preferential treatment as foreign-funded enterprises according to the provisions prescribed in state economic laws and regulations involving foreigners.

Yuan Mu said: Taiwan entrepreneurs have rich experience in enterprise management. We welcome them to run sole proprietorship enterprises, joint ventures, or cooperative enterprises on the mainland. Taiwan entrepreneurs can realize their ambitions and invest and make profits on the mainland; we in turn will be able to learn from their experience in the course of cooperation.

Yuan Mu said: Recently, Taiwan authorities adopted a policy of opening to the mainland, which conforms to the aspirations of the people on both sides of the Taiwan Strait. Currently, the Taiwan authorities are still hesitant about further loosening their policies. We welcome the measures adopted by the Taiwan authorities. At the same time, we hope that they will further loosen their policies to meet the situation on both sides of the Taiwan Strait because this is the main trend of the times that conform to the common interests of compatriots on both sides of the strait.

In conclusion, Yuan Mu said: Since China began to open to the outside world, we have gradually improved our investment environment and attracted more and more foreign investment. By the end of May this year, we had approved more than 10,000 enterprises funded with foreign investment and reached agreements on foreign investments amounting to more than \$24 billion, of which \$9 billion have already been put into operation. Of course, foreign businessmen still have some complaints, but we will further improve our investment environment to attract more investors to China.

#### Daily Stresses Need

HK0907083688 Beijing RENMIN RIBAO in Chinese  
7 Jul 88 p 1

[Commentator's article: "It Is High Time To Develop Economic Cooperation Between the Two Sides of the Strait"]

[Text] Many Taiwan residents recently have returned to the mainland to visit relatives, reuniting with family members they have been separated from for many years. At a time of happy family reunions, there has been a demand for Taiwan people, especially Taiwan industrialists and businessmen, to invest and establish factories in the mainland and develop direct trade links.

We have all along suggested that both sides of the strait should develop trade, supply each other's needs, effect economic exchanges, and then promote the early reunification of the motherland. Since the NPC Standing Committee issued the "Letter to Taiwan Compatriots" on New Year's Day 1979, and since NPC Standing Committee Chairman Ye Jianying released the "nine" guidelines on 30 September 1981 to facilitate the development of business relations between the two sides of the strait, the mainland has taken a series of positive measures. It has created many relevant conditions, and once and again appealed to the Taiwan authorities to do something about the matter of mutual trade. Now, the State Council has promulgated stipulations



encouraging Taiwan compatriots to make investments. This is an important administrative rule. It once again shows the sincerity of the mainland and the efforts being made by it.

Trade between the two banks of the strait is the common wish of the people on both sides. It is also a need in mutual economic development. Economic conditions on the mainland and in Taiwan have their respective favorable and unfavorable aspects. In recent years, the Taiwan economy, with foreign trade as its lifeline, under the tremendous pressure of rising international trade protectionism and a continuous rise in value of the new Taiwan dollar, has witnessed sluggish export trade and inflation. Industrialists and businessmen in the island have vigorously tried to find a way out and overcome investment and export problems. Faced with these grim economic realities, many Taiwan people in economic and trade circles have naturally set their sights on the mainland. The mainland side, with bountiful human and natural resources at its disposal, is pursuing a policy of reform, openness, and revitalization. With the accelerated development of economic construction, the mainland has become the focus of world attention as a popular place for economic and technical cooperation and investment. In the process of bringing in foreign capital and setting up enterprises, we have acquired many useful experiences. The investment environment has been continuously improved. Various economic rules and regulations are getting increasingly perfect. Overseas Chinese, Hong Kong and Macao compatriots, and Taiwan compatriots investing in the mainland can likewise receive preferential treatment. Regardless of a ban by the authorities, some Taiwan people in industrial and commercial circles have through various channels headed for the mainland to negotiate trade and studied investment opportunities. They represent the common will of the island's industrial and commercial circles. The mainland and Taiwan were originally of one family. Since they are brothers of the same family, the mainland at a time of vigorous growth hopes that Taiwan can also continuously develop and prosper. The unfolding of trade between the two banks of the strait can stimulate economic development between each other. We welcome Taiwan industrialists and businessmen to invest in the mainland. We also warmly welcome them to the mainland to take a look and conduct investigations.

Trade between both sides of the strait is mutually profitable. For this very reason, despite multiple obstacles, indirect economic and commercial exchanges between the two banks of the strait have been sizable. They have also shown an ever greater increase at an ever quicker pace. In the industrial, commercial, and economic fields, there are wide-ranging opportunities for cooperation between the two sides. There also are very promising prospects. Free access to each other is beneficial to both sides. It is high time for us to remove the obstacles to trade between the two sides.

Of course, due to a long period of separation between the two banks of the strait, the two sides are still strangers to each other's economic operations. Thus, there is still the

need to get acquainted with each other's investment opportunities, market needs, supply and marketing factors, and even trade laws and decrees, and so forth. Government-run or civilian industrial and commercial organs on both banks still have to go through a process of gradually making contacts, gradually getting acquainted, and gradually showing mutual trust.

We hope that the Taiwan authorities can change the current unsatisfactory state in regard to trade between the two banks, remove artificial obstacles at an early date, move with the times, and join the mainland side in doing something to revitalize China.

**Indirect Trade Via Hong Kong Continues To Grow**  
*OW1007124788 Beijing XINHUA in English*  
1222 GMT 9 Jul 88

[Text] Hong Kong, July 9 (XINHUA)—Hong Kong is expected to handle 15 billion H.K. [Hong Kong] dollars (two billion U.S. dollars) worth of goods this year as the bulk of the mainland-Taiwan trade, an evening paper reported here today.

Figures quoted by the NEW EVENING POST [HSIN WAN PAO] show that the value of indirect two-way trade via Hong Kong soared to 3.83 billion H.K. dollars during the first quarter of this year, up almost by 65 percent from the same period of 1987.

Last year, the trade value reached 11.82 billion H.K. dollars, while in 1979, only 380 million H.K. dollars worth of goods were shipped via Hong Kong between the two parts of China.

In addition to playing the role of an entrepot point, Hong Kong is also helping exchange market information for the mainland and Taiwan business firms.

Hong Kong manufacturers and business people accumulated useful experience in doing business in the Chinese mainland. They then passed to their Taiwan counterparts the basic knowledge of China's relevant policies and investment environment, the paper said.

The paper quoted a local businessman as saying that Hong Kong will continue to play such an "intermediary role" for the future contacts between the both sides of the Taiwan Strait.

In the meantime, Hong Kong has also benefited from the mainland-Taiwan businesses. Its trade value with the Chinese mainland jumped from 28.19 billion H.K. dollars in 1980 to 205.4 billion H.K. dollars last year.

During the same period, its trade value with Taiwan rose from 11.03 billion H.K. dollars to 45.4 billion H.K. dollars.

**Fujian Expects Investment From Taiwan**  
*HK0807132888 Beijing RENMIN RIBAO in Chinese*  
4 July 88 p 2

[Dispatch by reporters Zhai Xiangqian (5049 6272 0051), Zheng Gugu (6774 0942 0942), and Xu Lin (1776 2651): "Fujian Province Is Optimistic About the Prospects of Economic Cooperation With Taiwan"]

[Text] Fujian Vice Governor You Dexin has once again said that he is happy to see the "craze for the mainland" and "craze for south Fujian" increasing day by day among the industrial, financial and trade circles in Taiwan in the past year. In an interview with our reporters recently, the vice governor pointed out: He is optimistic about the prospect of economic cooperation between Fujian and Taiwan because Fujian's geological location can provide specific conditions for trade with Taiwan and attract investment from Taiwan. He said he is welcoming Taiwan compatriots to come to Fujian to run small industrial processing zones.

By the end of May this year, Fujian approved 68 Taiwan-funded enterprises. The volume of their investment increased by a big margin and the scope of their investment became wider too. Some enterprises caught by early birds from Taiwan have already started working. These enterprises are not large but are developing rapidly and their economic returns are all satisfactory because they begin and end the procession process on the international market.

You Dexin continued: With the reform going deeper and deeper, the soft and hard investment environment in Fujian has been considerably improved. Over the past few years Fujian has made a total investment of 4.6 billion yuan to develop the infrastructure, build and expand airports, piers, railway and highways. In addition to this, it has also built four power stations, imported 100,000 program control telephone sets, and organized a fleet of ocean-going cargo ships so as to build a basis for the development of Fujian's export-oriented economy. On this basis, Fujian will make further efforts to strengthen the construction of such "hard" investment opportunities as transport, energy and telecommunications.

Referring to "soft" environment, You Dexin said: Soft environment should be improved through vigorous but reliable measures and in a comprehensive way. The eleven policies formulated by the central authorities especially for Fujian are very helpful. By 20 June this year, Fujian exports rose 64 percent over the same period last year and the absolute value increased by US\$220 million, second to Guangdong and Shanghai.

Reform of Fujian's financial structure is aimed at enlivening funds and foreign exchange market and enhancing the efficiency of finance by means of promoting bank call loans, discount credit against short-term promissory notes from enterprises, and mortgage loans against foreign exchange cashes. With the establishment of finance companies in Fuzhou and Xiamen and finance centers in seven cities and counties, a finance network has begun to take shape throughout the province. At the same time, Fujian Province has also set up an investment and trade consultant service company, a service company for foreign-funded enterprises, and a material supply company for foreign-funded enterprises in a bid to render direct services and assistance to Taiwan compatriots.

**'Chinese Taipei' Olympians Start Training**  
*OW1107171488 Beijing XINHUA in English*  
1505 GMT 9 Jul 88

[Text] Hong Kong, July 9 (XINHUA)—The Chinese Taipei Olympic Committee will send a 133-member delegation to the forthcoming Olympic Games in Seoul, according to a report reaching here.

The delegation has been formed and among the members, 90 are athletes. They will compete in 12 events including track and field, weightlifting, swimming, wrestling, gymnastics, judo, shooting, boxing, cycling, archery, table tennis, and modern pentathlon.

The athletes will also participate in the demonstration events of women's judo, baseball and taekwondo.

They started the eight-week training sessions Friday.



**KMT Pledges More Open Mainland Policy**  
*OW1207113588 Taipei CNA in English 1050 GMT*  
12 Jul 88

[Text] Taipei, July 12 (CNA)—The Kuomintang [KMT], the Republic of China's ruling party that adheres to its policy of "no contact, no negotiation, no compromise" with the Chinese Communist regime, Tuesday adopted a forward-looking and more open stance on private people-to-people contact across the Taiwan Strait.

In a resolution on "Current Policy Towards the Chinese Mainland," the Kuomintang pledges to unite all the people on both sides of the Taiwan Strait to rid China of communism.

The ruling party reaffirms its support to the people on the Chinese mainland in their struggle for freedom, democracy and human rights.

C. F. Koo, chairman of the Taiwan Cement Group, presided over the 7th plenary session of the ruling party's 13th national congress, where the resolution was adopted after debate.

To achieve that end, the Kuomintang will ask the government to bring "political democratization," "economic liberalization," "social pluralization" and "cultural sinicization" to the Chinese mainland.

The Kuomintang will work to encourage people on the mainland and Chinese Communist Party factions to oppose the "proletarian dictatorship" in an effort to carry "political democratization" across the Taiwan Strait.

For "economic liberalization," according to the policy, the Kuomintang will support the efforts of mainland Chinese to establish a free economic system, win their "land-to-the-tillers" and "factory-to-the-worker" rights, and oppose collection of extortive taxes and levies.

In the "social pluralization" part of the policy, the Kuomintang pledges to support the people on the Chinese mainland in their struggle for such basic human rights as freedom of speech in order to usher in an open, pluralistic society.

Regarding "cultural sinicization," the Kuomintang pointed out in the policy that the people on the mainland of China will be encouraged to uphold traditional Chinese culture, the binding force of Chinese civilization.

Among the measures to be taken are the further relaxation of restrictions on personal visits to the Chinese mainland, exchange of mail through civic bodies, an indirect trade policy, and appropriate action regarding participation in international sports competition.

The KMT Central Committee will set up a supervisory panel and the government will establish a board of coordination to handle all matters related to the Chinese mainland.

The Kuomintang supplies the government with guidelines in formulating and carrying out its own mainland policy.

**Congress Attendees Praise Li Teng-hui's Election**  
*OW0907044088 Taipei CNA in English 0232 GMT*  
9 Jul 88

[Text] Taipei, July 9 (CNA)—Many delegates and observers to the 13th Kuomintang [KMT] national congress and leaders from all sectors of society told CNA that they were elated at acting chairman Li Teng-hui's assumption of the KMT chairmanship during the first plenary session of the congress.

Li, who had been acting chairman after the KMT chairman Chiang Ching-kuo died early this year, became the fourth chairman in the KMT's 90-odd year history.

Lin Yang-kang, president of the Judicial Yuan, said, "Chairman Li has noble ideals and unwavering confidence. His succession as the new chairman is the common aspiration of all party members."

Lin said since he began serving as the acting chairman since January, Li has devoted himself to renovating the nation during a time of change, and has striven to safeguard the nation's interests and to enhance the public well-being. Li has therefore won the respect and confidence of not only party members but also the general public, Lin noted.

Speaking of his expectations for Li, Lin said the Republic of China, now in a transition period, faces many difficulties. With his open-mindedness, brilliant scholastic achievements, and rich political experience, Chairman Li will surely open a new era and lead the nation to accomplish its historic mission.

Taiwan Governor Chiu Chuang-huan also spoke highly of Chairman Li, saying that Li is sure to push an all-out reform, to expedite national development, and to promote democracy in the years to come.

Huang Lai-yi, mayor of Yungkang town, Tainan County, a grass-roots party member, said that he has been highly impressed by Chairman Li's daring and determined character. Huang recalled that Li made an inspection tour of his town many years ago during his tenure as the Taiwan governor. After learning of the difficulties that had long impeded the development of his town, Li immediately gave instructions that later led to a breakthrough in the development of Yungkang.

Ms Kao Ying-shuang, president of the Chinese American Women Association, noted that she is proud of such an able party leader. She hopes all the Chinese people at home and abroad, under Chairman Li's leadership, will work together to create a bright future for both the KMT and the nation.

Miu Chuan-chi, professor of political science at National Taiwan University, said that Taiwan residents have already gotten used to a democratic life style and that the KMT is now a democratic political party. The election of Chairman Li symbolizes a milestone in both the nation's and the KMT's democratization efforts, Prof Miu noted.

Local entrepreneurs and industrialists also unanimously supported Chairman Li and pledged that under Chairman Li's able leadership, they will make greater efforts to create another economic miracle in the nation.

The Federation of Overseas Chinese Associations, on behalf of overseas Chinese throughout the world, cabled its felicitations to Chairman Li Teng-hui Friday on his assuming the party chairmanship.

Wang Shih-hsien, one of the director generals of the China Democratic Socialist Party, said he was pleased to see Li elected KMT chairman because Li is a statesman of determination and firm principles. Wang said he believes that Chairman Li will be able to further unite the kmt and thus contribute further to the public good.

**More Congratulations Received on KMT Congress**  
*OW0907042588 Taipei CNA in English 0242 GMT*  
9 Jul 88

[Text] Taipei, July 9 (CNA)—Congratulations on the 13th Kuomintang [KMT] national congress from foreign and local organizations as well as operatives stationed on the Chinese mainland continued pouring in Friday.

Well-wishers said in their congratulatory messages that they wished the congress a great success and also extended support to President Li Teng-hui for his election as KMT chairman.

The implementation of the three principles of the people on the national base of Taiwan has contributed significantly to its economic prosperity, democracy, and people's well-being in the past 40 years, they said. The achievements contrast sharply with the backwardness and totalitarian rule on the Chinese mainland, so the sooner the mission of unifying China under the three principles of the people should be accomplished the better, they said.

Foreign congratulations came from 17 countries including the United States, South Africa, and Holland. Local organizations included the KMT Kaohsiung Committee and the Kaohsiung labor branch. Chinese mainland cables came from Chingtao, Hangchou and Canton cities.

**Madame Chiang Denounces Independence Movement**  
*OW0907011988 Taipei CNA in English 1520 GMT*  
8 Jul 88

[Text] Taipei, July 8 (CNA)—Madame Chiang Kai-shek said Friday that any separatist movement calling for "independence of Taiwan" is a lost cause.

In an address delivered at the 13th national congress of the Republic of China's ruling Kuomintang, Mme Chiang said Dr Sun Yat-sen founded the party to usher in a racially harmonious Chinese republic.

Mme Chiang attended the congress in her capacity as member of the Presidium of the Kuomintang Central Advisory Committee. The address was read on her behalf by Kuomintang secretary-general Li Huan.

Mme Chiang recalled her own attendance at the first national congress in Canton in 1924 and pointed out that Dr Sun's purpose in founding the Kuomintang was to build a new China, where all racial minorities and the Han Chinese could live in harmony.

Refuting the movement for Taiwan's independence, Mme Chiang said even the United States risked a civil war to stop the secession of the southern states and keep the union intact. It is self-evident that any separatist movement that calls for Taiwan's independence is a lost cause, as all the people in Taiwan are Chinese.

If Dr Sun had not founded the Kuomintang, Mme Chiang said, Taiwan and Penghu would have still remained Japanese colonies. The people in the Taiwan area should not forget this historical fact, she said.

Recounting the previous KMT national congresses, she said the party has reformed itself many times in the past nine decades to cope with the challenges of the times.

The party, however, has never changed its total devotion to the three principles of the people, "the truths expounded by the Tsungli (KMT president, Dr Sun Yat-sen) and the Tsungtsai (KMT director-general, President Chiang Kai-shek) remain always the same," Mme Chiang pointed out.

Mme Chiang called for a unity of purpose among all members of the Kuomintang to meet the challenges ahead. That unity was reaffirmed at the party's 13th national congress being held at the Chungshan building on Yangminshan, suburban Taipei.

"I wish," Mme said, "our party, under the leadership of its chairman, will remain united to further glorify its glorious history."

In its first session held Friday morning, the nearly 1,200 KMT delegates from home and abroad representing all walks of life elected President Li Teng-hui as the new chairman of the ruling party.



Mme Chiang was greeted by overwhelming applause when she arrived at the conference hall, where the KMT delegates were meeting for their first session. She mounted the podium to accept greetings and left after the KMT secretary-general finished reading her speech.

Mme Chiang waved a handkerchief to accept a standing ovation as she left the conference hall.

**Dissident PRC Intellectuals May Visit**  
*HK0907040588 Hong Kong SOUTH CHINA MORNING POST in English 9 Jul 88 p 6*

[Text] The Kuomintang may allow mainland intellectuals critical of Marxism to visit Taiwan, according to a draft policy paper to be presented for deliberation during the current party congress, writes Terry Cheng. The proposal said such intellectuals could visit Taiwan on invitation approved by the authorities.

The head of the Cultural Affairs Department of the Kuomintang, Mr Raymond Tai, said the proposal was among a new set of measures related to the communist-ruled mainland, being submitted for approval. The proposal allows flexibility for the Government to decide whether mainland critics, such as Professor Fang Lizhi, could visit Taiwan from the mainland or if they had to first stay in a third country such as the United States.

In a new platform on China's reunification, the KMT called for a "forward-look and feasible" policy.

To support political democratisation on the mainland, the KMT will work to encourage various Communist Party factions and the people to oppose "proletarian dictatorship".

On the economy, the KMT will help the people win a land-to-the-people program, a free enterprise system and a market-oriented economy.

The KMT will also support mainland Chinese in their fight for such basic human rights as freedom of speech, association and employment, as well as equal opportunities in education. It will also help win academic freedom and support for the people on the mainland in upholding traditional Chinese culture.

The policy still bans direct trade with the mainland, but will provide a warning system on the trade for Taiwan businessmen.

Observers said the whole package was comprehensive but did not go far beyond what the late President Chiang Ching-kuo had initiated before his death.

The proposal to admit critics of the mainland Government directly into Taiwan (only passing through places such as Hong Kong) was considered a new move, meant to drive a wedge between the mainland authorities and the dissident intellectuals.

Meanwhile, in a report to the congress, Foreign Minister Ting Mou-shih said his Government would do what it could to rejoin the General Agreement on Tariffs and Trade as a part of its overall effort to increase participation in the international community.

Speaking on national defence, General Hau Pei-tsun, the Chief of General Staff, said the armed forces would devote themselves to the goal of self-reliance in war preparedness.

**Trade Development Council Group Visits SRV**  
*OW1107234988 Taipei CNA in English 1536 GMT 11 Jul 88*

[Text] Taipei, July 10 (CNA)—A fact-finding mission from the Republic of China's External Trade Development Council (CETRA) flew into Vietnam via Thailand for a weeklong visit Monday, CETRA Secretary General Chiang Ping-kun announced.

"This is the first contact between the Republic of China [ROC] and Vietnam since the Vietnam war ended more than a decade ago," Chiang told the press.

The purpose of the six-member CETRA mission is to acquire first-hand information about Vietnam, a market whose area is eight times larger than Taiwan in size and whose population is three times larger, Chiang said.

Cetra is the ROC's major non-profit trade promotion organization.

Chiang said that the CETRA delegation is visiting Vietnam at the invitation of the "Trade Development Center," an organization responsible for the trade promotion of more than 10 Vietnamese state-run enterprises.

While there, the fact-finding delegation will visit responsible Vietnamese economic and trade officials, state-owned enterprises, banks, and telecommunications facilities and study the production, transportation, and marketing capabilities of the Vietnamese agricultural, forest, fishery, and mining industries.

To let Vietnamese trade circles better understand the ROC, Chiang stressed, the delegation will meet some 50 Vietnamese economic and trade officials and brief them about the nation's foreign trade, whole plant exports, and export processing zones.

**Opposition DPP Calls for Self-Determination**  
*HK1207105688 Hong Kong AFP in English 1010 GMT 12 Jul 88*

[Text] Taipei, July 12 (AFP)—The Democratic Progressive Party (DPP), Taiwan's major opposition group, Tuesday called for self-determination for the future of this island republic.

"The DPP does not interfere with free discussion of the 'one country, two systems' or the issue of independence," DPP Chairman Yao Chia-wen told a press conference. The future of Taiwan, whether it will be reunified with the mainland or go independent, should be determined by people living on the island, he said.

However, he said that he felt the "one country, two systems" idea means imperialism. He was referring to a plan to be implemented after Hong Kong reverts to Chinese sovereignty in 1997 whereby it will retain a great degree of autonomy for 50 years. The DPP would like to maintain a "friendly, peaceful and equal relationship" with the mainland, Mr. Yao added.

Mr. Yao, who was freed last year after serving seven years in jail for sedition, also said that the current tri-cameral congress lacked legitimacy to represent Taiwan people. "They cannot represent the people here unless all of the members are elected by residents in Taiwan," he said.

About 85 per cent of the 1,200 congress members were elected in China in 1948 and 1949 and later were given mandates for life. The ruling Kuomintang (KMT) has proposed a plan to bring younger members into Parliament, and Party Chairman Li Teng-hui has said it would take effect by the end of this year.

The opposition leader said he did not expect any great change following the KMT's 13th congress which ends Wednesday, saying Mr. Li "is a conservative and is also bringing conservatives and many military people to the party leadership."

Mr. Yao's remarks were made after the KMT adopted on the sixth day of the congress a resolution for a more liberal China policy on visits and trade but reiterated its policy of no talks, no contact, no compromise with the mainland.

The KMT, which fled to Taiwan in 1949 following defeat by the Chinese Communists, still claims sovereignty over the mainland.

**Foreign Minister on International Participation**  
*OW0807161688 Taipei CNA in English 1115 GMT*  
8 Jul 88

[Text] Taipei, July 8 (CNA)—Foreign Minister Ting Mou-Shih said Friday the Republic of China will do what it can to rejoin the General Agreement on Tariffs and Trade (GATT) as part of its overall effort to increase participation in the international community.

Reporting at the Kuomintang's 13th National Congress, Ting said the Chinese communists are blocking the reinstitution of the Republic of China in Taiwan in the GATT.

Despite all the difficulties, Ting said, the Republic of China will do everything within its power to rejoin the GATT to enlarge the scope of participation in world economic activities.

The Republic of China now maintains diplomatic relations with 22 countries around the world, Ting said. A total of 121 countries have "official, semi-official or non-official" relations with the Republic of China.

One major task facing the Republic of China, Ting said, is to strengthen its ties of cooperation with the 22 countries and try to establish diplomatic relations with newly independent countries.

Another important task is to further improve substantive relations with the countries with which the Republic of China maintains no diplomatic ties, Ting said.

Direct trade was opened between the Republic of China and seven East European countries, last year, Ting said. The Republic of China is "studying the feasibility" of an exchange of personal visits with the seven nations for cultural, academic and sports purposes, he added.

Emphasis is placed on the further improvement of substantive relations with the United States, Japan, Europe and Southeast Asia, Ting said.

Trade frictions between the Republic of China and the United States will be eased in the near future, Ting predicted. Trade between the two countries totaled US \$31.2 billion in 1987, with US \$16 billion in the Republic of China's favor.

Washington has acquired a better understanding of the Republic of China's sincere effort to reduce its trade surplus, Ting said. "In the future," he pointed out, "trade between the Republic of China and the United States will be narrowed step by step."

The United States will not change its "current policy toward our country" regardless of who wins the presidential election in November, Ting said. The Republic of China will continue to improve Sino-America substantive relations in the future.

Still another major task is to take a more active part in international organizations, Ting said. The Republic of China will continue to try to join international organizations and participate in government-to-government international conferences, he added.

In addition, Ting said, private organizations, and individuals in the Republic of China will be encouraged to participate in non-governmental conferences and international economic, cultural, academic and sports activities.



**Increase in Indirect Textile Exports to Mainland**  
*OW1107050088 Taipei CNA in English 0314 GMT*  
11 Jul 88

[Text] Taipei, July 11 (CNA)—Exports of Taiwan-made textiles to the Chinese mainland via Hong Kong totaled U.S. dls 159 million in the January-March period of 1988, up 30 percent over the same period of last year, according to estimates made by the Taiwan Textile Federation (TTF).

The Taiwan Textile Trade Promotion Agency said reexports of yarn and piece goods to the mainland increased 96 percent. It attributed the sharp increase of textile reexports to the mainland to the liberalization of the nations economic policy.

Customs statistics show that during the first three months of this year, Hong Kong headed the list of major buyers of Taiwan-made yarn and piece goods, with sales of U.S. dls 350 million, followed by Japan with sales of U.S. dls 119 million, and the United States with U.S. dls 87 million.

The TTF estimated that about half the volume of Taiwan yarn and cloth exported to Hong Kong was forwarded to the mainland. In other words, Hong Kong and the Chinese mainland have become the biggest market of Taiwan textiles, TTF added.

It also said during the same period, the mainland exported U.S. dls 11 million worth of textiles to Taiwan through Hong Kong, down 26 percent from last year.

## Hong Kong

**Government To Hold Refugee Talks With Vietnam**  
*HK0907040988 Hong Kong SOUTH CHINA  
MORNING POST in English 9 Jul 88 p 1*

[By Agnes Lam]

[Excerpts] Hong Kong and Hanoi will hold direct negotiations on solving the worsening flood of boat people to the territory and for their repatriation to Vietnam as soon as possible. The breakthrough in Hong Kong's bid for a durable solution to the 13-year-old problem, which has now reached crisis proportions, came a "couple of days ago", according to the British Foreign and Commonwealth Office last night. The invitation for direct dialogue with Hong Kong, which adopted a hardline policy on refugees three weeks ago, was conveyed through the British embassy in Hanoi.

Confirming the offer, a spokesman for the Foreign and Commonwealth Office said: "We shall be responding positively in due course." He said details of the visit will be worked out later between the Hong Kong and Vietnamese governments, through the British Government.

Vietnam's initiative in opening talks with other countries was reported by Radio Hanoi yesterday. The radio quoted a Vietnam Foreign Ministry spokesman as saying: "Vietnam with its humanitarian spirit and mutual understanding is ready to exchange bilateral views with countries and international organisations concerned to resolve the problem."

The official stressed that the "illegal acts" of its people leaving the country must be stopped but that while his country was "striving to stop illegal evacuees, a number were still able to flee".

The Vietnamese population in Hong Kong rose to 19,732 yesterday with the arrival of another 250 aboard eight boats. Of that total, 3,635 had arrived since the Hong Kong Government introduced the screening policy on June 16, and were considered illegal immigrants. Those who were later classified as economic migrants will be kept in detention centres to await repatriation to Vietnam when that can be arranged.

The Government has now hired a vessel from the Hong Kong and Yaumati Ferry Company to house 500 because the Green Island Reception Centre is too crowded. The ferry will be manned by the Hong Kong Regiment (the Volunteers) until a second detention centre is opened early next month. The Government did not rule out the possibility of hiring more ferries if the inflow continues to arise. [as published]

Welcoming the Government's decision to accept Hanoi's invitation, legislative councillors regard the move as a major step forward in their battle against the continuous inflow of Vietnamese since the late 1970s. It will also add

momentum to on-going talks between the United Nations High Commissioner for Refugees and Vietnam on repatriation of boat people. A Hong Kong Government spokesman said: "This initiative on the part of the Vietnamese authorities is most welcome."

"The British embassy in Hanoi has received an invitation for Hong Kong Government officials to visit Hanoi to discuss the issue with the Vietnamese authorities and we shall be responding positively.

"It would be very useful to have the opportunity to discuss this problem with the Vietnamese authorities and seek their co-operation in stopping this unhappy outflow and in repatriating those who are not genuine refugees," he said.

British Foreign Minister Sir Geoffrey Howe said in May, when he visited the territory, that Whitehall had been negotiating with Hanoi on the repatriation program.

But local Government officials estimate that the earliest possible time for Vietnam to take back its own people is 1993 when foreign financial assistance will be extended to help rebuild the country's economy.

Some councillors have in the past suggested that Whitehall should allow Hong Kong to act on its own but this was rejected by British officials saying the matter came under foreign affairs, which was the responsibility of Britain. [passage omitted]

ASEAN foreign ministers this week urged that an international conference on Indochinese refugees be convened under United Nations sponsorship by early 1989.

United States Secretary of State George Shultz yesterday proposed a Bangkok-based working group to formulate new policies on dealing with the refugee influx. The group would include representatives of ASEAN, its close partners and the UN High Commissioner for Refugees (UNHCR).

**Governor Renews 8 Legco Members' Tenure**  
*HK1207013388 Hong Kong SOUTH CHINA  
MORNING POST in English 12 Jul 88 p 1*

[By Andy Ho and Agnes Lam]

[Text] Just over a third of the Legislative Council's [Legco's] 22 appointed members are expected to be asked back by the Governor, Sir David Wilson, for another three-year term.

In his first reorganisation of the council, only eight legislators have been told they will keep their seats on the law-making body. Another seven of his 10 most senior Legco members have been told that their services are no longer needed. More than 90 years of collective working experience will go when Legco reconvenes in October.



The Governor confirmed the re-appointment over the weekend of eight councillors—Mr Allen Lee, Miss Maria Tam, Mrs Selina Chow, Mrs Rita Fan, Mr Peter Poon, Mrs Rosanna Tam, Professor Poon Chung-kwong and Mr Edward Ho. Some found their re-appointment letters on their desks yesterday while others were informed personally by the Governor last year.

A Government announcement is expected to be made on the re-appointments later this week before Sir David leaves for London.

Among those not returning is businessman Dr Helmut Sohmen, who declined Sir David's invitation to serve for another three years because politics are taking up too much of his time.

The re-appointment line-up leaves Mr Allen Lee, who joined the council in 1976 with Senic. Legco member Miss Lydia Dunn, as the most experienced legislator for the next Legco session. Miss Dunn will be released from her Legco duties because she is expected to take over from Sir Sze-yuen Chung as Senior Member of the Executive Council.

Mr Peter C. Wong, who also has 12 years of experience in Legco, is likely to retire for health reasons. His departure would end speculation that he might succeed Miss Dunn as senior member of the council.

The remaining 12 appointed Legco seats will be filled after September when electoral college and functional constituency elections for the 24 non-appointed seats are held. This will allow Sir David more room to manoeuvre in striking a better balance as he seeks to ensure the council represents as wide a spectrum of community interests as possible.

Some of the members who have not been re-appointed this time round—including Mr Hu Fa-kuang—might still be appointed in the next round to be announced as late as October.

Other councillors who joined Legco in or before 1980 but have been excluded from the re-appointment list are Dr Ho Kam-fai, Mr Wong Po-yan, Mr Chan Kam-chuen and Mr John Swaine.

In October 1985, two late re-appointments were made to include Mr Hu and Mr Wong on the council.

More junior members who are considered borderline cases and might be re-appointed during the next round include Dr Henrietta Ip, Mr Yeung Po-kwan and Dr Kim Cham.

Mr Chan Ying-lun has said he would stand for election in the Island East District Board electoral college, while Mr Cheung Yan-lung is expected to run in the Regional Council electoral college.

Former Governor, Sir Edward Youde, re-appointed 19 of 29 councillors to sit on the new-look Legco in 1985 when 24 indirectly elected members were introduced into the legislature for the first time. The arrangement ensured the continuity of the legislature would not be disrupted because of the significant changes in the council's composition.

Sources said Sir David had found himself in a position to inject new blood into the council because most of the newcomers managed to catch up with the legislative proceedings well within a year.

The drastic changeover has caused some concern among the remaining Legco members. Mrs Rosanna Tam, appointed to Legco in 1985, said: "I am quite worried about the fact that a number of experienced councillors are leaving us." She said the departure of so many experienced members at the same time might give rise to the question of continuity. "Their experience in handling the council's work, such as vetting bills, has helped the young members to understand the issues," she added.

"Mr Swaine, for example, has been very good in helping councillors to examine the draft laws. He also pinpoints to us those provisions that we should pay particular attention to when we examine the bills."

**Re-Exports Boost Merchandise Trade**  
*HK1207010188 Hong Kong HONGKONG STANDARD (BUSINESS STANDARD) in English 12 Jul 88 p 1*

[By Mark Symonds]

[Text] Re-exports continued to boost merchandise trade in the first five months of the year, although domestic exports of office machines and automatic data processing equipment as well as photographic and optical equipment, watches and clocks increased significantly. Total merchandise trade in January to May put on 28 per cent to \$351 billion, with re-exports increasing 45 per cent to \$95 billion and domestic exports by 12 per cent to \$77 billion.

Imports during the same period rose 27 per cent to \$179 billion, with significant increases from Korea (43 per cent), Switzerland (36 per cent), the United States (30 per cent), Taiwan (29 per cent), and China (27 per cent).

The largest growth in domestic exports was in office machines and automatic data processing equipment, which posted an increase of 46 per cent to \$1.5 billion, and photographic apparatus, optical goods, watches and clocks, which posted 27 per cent growth to \$1.5 million. However, domestic exports of clothing only added 1 per cent, as did textile yarn, fabrics, made-up articles and related products, while miscellaneous manufactured articles saw a drop of 1 per cent.

Re-exports to Japan, Germany, Taiwan, China and the UK increased substantially in value terms by 86 per cent, 67 per cent, 49 per cent, 48 per cent, and 47 per cent respectively, while those to the U.S. increased by 32 per cent.

The markets to which Hong Kong posted more significant growth in domestic exports were Singapore (39 per cent), China (27 per cent), France (21 per cent), Britain (19 per cent), Germany (15 per cent) and Japan (14 per cent). There was a 1 per cent decline to the U.S.

**Escaped Philippine Coupists Said Arrested in Macao**  
*OW0807233488 Beijing XINHUA in English*  
1844 GMT 5 Jul 88

[Text] Manila, July 5 (XINHUA)—Four members of the Navy who escaped April 2 with coup leader Colonel Gregorio Honasan, the man they were guarding, were captured in Macao while trying to enter Hong Kong on board a hijacked ship on June 26, the PHILIPPINE NEWS AGENCY quoted a military spokesman as saying today.

Eight other guards who fled with Honasan had already been captured by the Philippine military and two more remain at large.

Honasan, leader of the aborted August 28 coup attempt, escaped with his 14 security guards from the prison ship in Manila Bay on April 2 and the military has been making an all-out attempt to recapture him.

Brigadier General Rodolfo Biazon, chief of the National Capital Region Defense Command (NCRDC), said that the four naval personnel would be turned over by the National Bureau of Investigation (NBI) to the NCRDC after interrogation at NBI headquarters.

The four men were arrested along with some of the crew members of a 38,000-ton cargo ship which was hijacked by a group of soldiers last May 28 while anchored at Cabanbaan Bay Near Subic Naval Base, 130 kilometers northwest of Manila, the military spokesman said.

Biazon said that 20 Filipinos were arrested and detained by the Macao police on June 26 while trying to enter Hong Kong.

Hong Kong authorities informed the Philippine Government on June 29 that six of the 20 detainees carried no identification papers. Four of them were later identified as former guards of Honasan.

**Filipino Groups Accused of Communist Infiltration**  
*HK1207021788 Hong Kong HONGKONG STANDARD*  
in English 12 Jul 88 p 1

[By Victor Agustin]

[Text] Two Filipina maids' groups in Hong Kong have been accused of having been infiltrated by the communists. The accusation was made by the chief of the

Constabulary in Metro Manila, Brigadier General Alexander Aguirre yesterday. He named the groups as the Mission for Filipino Migrant Workers (MFMW) and the United Filipinos in Hong Kong.

The military alleged that the groups use the Anglican Church in the territory as a cover to politicise the Filipina domestics in Hong Kong and raise funds for Philippine rebels. The MFMW is funded by the Church of England and is an extension of its social work arm to Filipina domestics. The United Filipinos has its headquarters at St John's Cathedral in Garden Road.

Last year the head of the Philippine Catholic Church, Jaime Cardinal Sin, disbanded a church social action programme for the urban poor after President Aquino personally complained that the outreach programme had been infiltrated by the communists.

THE STANDARD understands that the intelligence work to uncover the communist link in the territory was carried out by two veteran intelligence officers especially detailed by Manila to the Philippine Consulate in Hong Kong.

The military based its accusations on declassified documents allegedly captured from a Filipino communist leader based in Hong Kong. The worker, Mr Noel Villalba of the Catholic Church's Asian Committee for People's Organisations, was arrested by the military on July 2 on his return to Manila from Hong Kong. The Philippine military report said Mr Villalba, who works for the Office for Human Development of the Federation of Asian Bishops' Conferences, allegedly admitted that as much as 60 percent of money granted by a West German donor for a legitimate Philippine church project was diverted to the rebels. A REUTER report quotes his family as having accused the military of torturing Mr Villalba during interrogation.

Computer discs seized recently from a rebel safehouse in suburban Manila reportedly showed that Philippine rebels maintain U.S. dollar accounts in three Hong Kong-based banks. Documents seized in the same raid said 34 "exposurists" from Hong Kong visited the famine-stricken island of Negros from January 1986 to the end of last year with the help of the rebels.

The military report specifically named the MFMW as a "CPP-led legal institution." CPP stands for the Communist Party of the Philippines, which has been waging a 19-year Maoist-style insurgency in the archipelago. The coordinator of the MFMW in Hong Kong, Mrs Cynthia Tellez, said last night she was upset by the charges but would not elaborate. "I don't want to comment. The (Philippine) military has not officially informed us of any charges," she said.

The MFMW is "barred from openly espousing or openly promoting the national democratic revolution or the National Democratic Front or openly linking up with known anti-government organisations or revolutionary



parties," the military said. It added that the propaganda and organising work of MFMW "is designed to have a broad appeal" and should capitalise on the legitimate complaints of Filipino workers based in Hong Kong.

The military said the MFMW and United Filipinos were careful "not to openly attack the policies of the host country so as not to arouse suspicion."

Yesterday afternoon, church and social groups in Hong Kong handed a letter to the Philippine consulate expressing concern over Mr Villalba's detention and demanded the restoration of his legal and human rights. "There is no Philippine communist activity in Hong Kong as far as I know," Mr Jack Clancey, a Catholic Church representative, told reporters.

"It's almost impossible to buy a hand-gun in Hong Kong," he said, referring to reports that a pistol had been found in Mr Villalba's luggage.

"I think military made a mistake and now they are trying to cover it up," Mr Clancey said.

The military report also said two Hong Kong newspapermen had been recruited by the Philippine rebels who also had established contacts in radio and television. The report, signed by General Aquirre, did not identify the journalists.

The report also said the Philippine rebels made a "break-through" in organisational work among Filipino workers in Borneo and showed that Mr Villalba had contacts in Malaysia. "This is believed to be part of the (rebel) effort to establish solidarity links with foreign liberation movements," the military said.